INNOVATIVE VISION FOR JOB CREATION

Operating in a turbulent economy

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Abstract: The global economy is on the brink of a collapse. Falling GDP growth rates, rising inflation rate, increasing unemployment rate are just the beginning of an unprecedented economic apocalypse. Even a minor dent made at the global level, might cause a rapid plummeting in the industrial sector. In such a situation, where all assets shall become worthless, human resources will prove to be the strategic growth drivers of an organization. It requires unconventional approaches to build a robust human resource segment. In the present research, we have conceptualized some innovative methodologies which organizations can adopt.

Keywords: Employment generation, Job creation, Innovations at workplace, Innovative model of employment creation.

1. Introduction

We are living in turbulent times. Prompt implementation of innovative solutions is the key for sustained business survival

-Pooja Jain, Pranjal Jain

The global economy is in a state of turmoil (Erkens et. al., 2012). Even small global developments are impacting the local markets (Freeman, 2010). The 2008 global financial crisis demonstrated how weak our business fundamentals have been. Considering the movements in the Indian economy, it can be predicted that it will not be able to sustain any international fluctuation (Aggarwal, 2009). While no one can predict the future, however uncertainties and economic pandemic are inevitable. With increased focus on economic nationalism (Pickel, 2003), business wars for establishing oil supremacy (D’aventi, 2010), concentration on making economies as global superpowers (Jenson, 2016), the widening East-West divide (Bryan & Khondker, 2010) and a ton of other factors which have been boiling now for a while, it can be stated that we are on the verge of a major economic outbreak.

A business organization requires to maintain adequate number of workforce at all times to meet the incoming demand (Merriman, 2017). There can be any situation in the future, where the traditional employment conventions may prove to be absolutely futile. Any interruption in business environment severely impacts the human resources (HR) segment (Harzing & Ruysseveldt, 2004). Thus a business must identify alternate sources of generating employment. Having a far sighted approach can certainly be useful in unexpected times. Economic wars, apart from damaging businesses, hurt the employee sentiments a lot (Rao, 2008). 2008 financial crisis witnessed the record number of unemployment levels and downfall in the productivity levels of the businesses (Kotz, 2009). If there will be no productive workforce, even the biggest conglomerates will fail. Principles of strategic management states that a business enterprise should be pro-active in understanding the business environment and set its future course of action accordingly (Alkhafaji, 2003).

Gone are the days when traditional methods of recruitment and employment generation used to provide sustained workforce (Pieper, 20120). These are tempestuous times requiring innovative actions in HR department in order to ensure sustained strategic growth at all times. The aim of these innovative reforms shall be to increase employment opportunities for all segments of workforce. In the present era, corporates are having valuations which are even more that the Gross Domestic Product (GDP) of some countries (Barmash, 2003). It is therefore absolutely evident that any policy change by this sector will lead an impact that shall not be local rather global. This research provides an overview of what kind of innovative employment practices can be adopted in the business world today. Herein we have prepared a concept based study which records the prima facie perception of the Indian corporate sector towards the suggestions that we are proposing. Focus has been laid down upon the services sector.
2. Objectives of the research
This research has been carried out to achieve the following objectives:

- Identification of innovative methodologies to enable Indian business organizations to generate employment in the present era.
- Evaluation of the identified methodologies with bifurcation for large cap sector, MSME segment and small sector.

3. Research methodology

Table I. Classification for organizations engaged in manufacturing sector:

<table>
<thead>
<tr>
<th>Classification of Organization</th>
<th>Investment in plant and machinery (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Cap</td>
<td>Less than 25 lakhs</td>
</tr>
<tr>
<td>MSME</td>
<td>Between 25 lakhs to 10 crores</td>
</tr>
<tr>
<td>Large Cap</td>
<td>More than 10 crores</td>
</tr>
</tbody>
</table>

Table II. Classification for organizations engaged in service sector:

<table>
<thead>
<tr>
<th>Classification of Organization</th>
<th>Investment in plant and machinery (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Cap</td>
<td>Less than 10 lakhs</td>
</tr>
<tr>
<td>MSME</td>
<td>Between 10 lakhs to 5 crores</td>
</tr>
<tr>
<td>Large Cap</td>
<td>More than 5 crores</td>
</tr>
</tbody>
</table>

It is pertinent to mention that the MSME Act has given the classification for Micro, Small and Medium Enterprises. However for the purposes of this study we have considered Micro and Small Cap sector as identical and Large Cap sector to be that sector which is more capital intensive than the Medium sector.

For the purposes of this research we have considered Micro sector as the small cap sector and we have considered MSME segment to be comprised of Small and Medium Enterprises (SME)

Database was prepared from extracting data from a variety of sources. The data sources included databases maintained at the website of Ministry of Corporate Affairs, Ministry of Micro, Small & Medium Enterprises, Development Commissioner, Ministry of MSME, National Sample Survey Organization, Central Statistics Office, Ministry of Statistics and Programme Implementation, Khadi and Village Industries Commission (KVIC), Coir Board, National Institute for Micro, Small and Medium Enterprises, Mahatama Gandhi Institute for Rural Industrialization, National Small Industries Corporation (NSIC), National Scheduled Caste Scheduled Tribes Hub, MSME Databank, MSME Mart, MSME Sampark and Open Government Data Platform and data represented by existing studies. Herein we have prepared a concept based study which records the prima facie perception of the Indian corporate sector towards the suggestions that we are proposing, a multiple choice questionnaire was prepared consisting of 20 questions and was floated amongst 267 companies operating on different scales. Since the focus of the study was to record the perception of the Indian
corporate sector and not to perform a detailed research. The company under survey included a composition of 43% falling under large corporate index, 37% corporates fell under medium corporate sector and the remaining 20% were selected from enterprises operating in the small cap sector. Questionnaires were distributed through e-mail and physical delivery. Thereafter AELS method i.e. Active Emphatic Listening Method was adopted for communicating with varied top management personnel. Employees of the above mentioned companies were communicated telephonically, electronically and with personal interactions. An aggregate of 1,200 employees were communicated for obtaining meaningful results for this study.

Phase II included active filtering of the data obtained. 670 responses were actually received. Rejoinder rate of 55.83% was recorded. Out of the survey questionnaire obtained around 17% were incomplete or contained conflicting information and were eliminated. Therefore we had a finalized research base of 556 responses.

Phase III involved active research on the data obtained and extracting significant outcomes. The finally analyzed data reflected the views of 45% top management personnel working in large corporates, 38% personnel working in middle sector companies and 17% employees employed in the small sector segment. Therefore the survey results represent a fair view about the entire Indian corporate sector. Higher priority was accorded to the large and the medium sector purposely considering that this sector is in a better position to create and affect the employment status on a macro level. If the small sector acts as an employment policy taker, large and medium sector reacts as employment policy maker.

4. Research analysis

Innovations can be technology driven or business process driven. We conceived several kinds of innovative employment creation techniques and these methodologies have the flexibility to be tailored as per the requirements of the Indian industries:

Collaborative Employment through CSR activities

The enactment of section 135 of the Companies Act, 2013 has marked the mandatory initiation of corporate efforts towards societal development. Such regulatory obligation towards society welfare has been termed as Corporate Social Responsibility (CSR). As per the extant regulations, a corporate falling within the prescribed parameters is required to earmark the minimum of 2% of its earnings for undertaking activities which provide society benefit and are undertaken on not for profit motive. While this has been proposed as a mandatory standard and has to be complied with by the prescribed companies (mostly the large cap companies), this can be incorporated with the employment creation strategy of a body corporate.

Case study

A company having turnover of Rs. 30,000 crore decides to construct infrastructural facilities worth Rs. 750 crore within its campuses vicinity. It undertakes the project and creates informal sector employment at a gigantic scale. Such kind of infrastructural development shall take around 5 years for development and therefore ensures 5 years of confirmed employment for thousands of households. This shall not only improve the societal development and adding up to the Societal Gross Value Added (SGVA) but shall improve the corporate image in the mind of the people leaving a physiological footprint resulting in long term returns from increased sales and sustenance in the business. The companies surveyed reported that 85% of the large cap companies have been following employment creation through this model unknowingly. While 15% reported that they lay down specific employment deliberations while undertaking big projects. 75% of the MSME companies reported that they fall outside the legal requirements and therefore do not undertake any society employment method. However 25% of the MSME companies decided upon considering this aspect in their future policies. 100% of the small sector responded that there is no need for them to create any kind of generation through the societal projects.

Collaboration for MSME and Small Cap Sector

Productive business results can be obtained by way of collaborations between different entities.

Case study

The small handicrafts industries are not in a position to undertake entire manufacturing processes through their own labor. Therefore they tend to work under the collaborative industry model wherein several small industries join hands and carry on the work jointly. Say Firms A, B and C join together wherein Firm A will procure raw materials, Firm B will perform labor process and Firm C shall take up the marketing and selling role. Here in this kind of business model, if Firm A and Firm C collaborate for building better creative capacities in Firm B, the entire collaboration will benefit. Firm B shall provide better quality output at reduced costs which can thereafter result in boosting the profits through increased sales and...
reduced costs. The research studies provided that 83% of the small cap industries were satisfied with this model and decided to incorporate this in their trade model. While the rest of the small cap industries believed in the traditional rivalry belief wherein providing business opportunities to other industry firms is seen as providing other firm a competitive edge. While majority of the large sector company decided to stay out of this employment technique since they either undertake 100% self manufacturing or partial outsourcing based upon pre existing stringent check lists and quality controls of the firm to whom the work is being outsourced. While the MSME sector revealed a mixed view about the future adoption of employment generation technique in this regard.

**Indigenization of business processes**

Indigenization of business processes refers to creating and executing the business processes within the local contours i.e. reducing the foreign dependence while performing multiple business procedures.

**Case study**

Large corporates operating in India for instance have outsourced their operations round the globe (Quinn & Hilmer, 1994). The company operates in multiple business segments and has varied operations such as telecommunication, broadband internet services, network towers etc. Suppose, Company A decides to indigenize network towers manufacture and deployment, this shall involve 100% business supply chain to be routed in India in terms of procurement and manufacture of tower parts, their assemblage and thereafter its installation. If 100% work is taken up, then it may create massive amount of additional employment (Xiang-lin, 2004). However this may result in increase in costs in the initial years (as is the case of any alteration in make or buy business policy). This shall be considered as a major shift in its business policy having long term impacts on its profits. Therefore only large corporate sector may be considered under this proposal. Also the medium and small sector has more or less entire operations routed through local domestic work force, indigenization does not seems to be a novice terminology for them. This policy also requires an element of economic nationalism since this switch over entices alteration of profits in the initial years. This entails a trade off between tangible business profits and intangible enhancement in goodwill and brand value. This was also evident in this research wherein 88% of the corporates rejected the ideation on account of reduced profits. 12% favored the policy in the long run.

**Investment in learning and development of the employees**

Any kind of organization irrespective of its size can take up learning and development responsibility of their employees. This involves conducting periodical seminars, training sessions, internal courses etc. Bringing an innovative option herein can be that organizations may finance an open training session for employees as well as non employees. This technique will assist the entity in examining the quality of HR it possesses vis a vis the quality available in the industry. Thereafter the organization may absorb some of the talented non employee participants. This will inculcate competitive feeling and shall also work in infusing much needed talented blood in the corporation.

**Case study**

The MSME segment was chosen and a practical research was conducted in this regard. 5 firms engaged in fast moving consumer goods business collaborated together and started a 4 months course on innovative techniques of marketing. 50 employees from each organization were selected and a total of 127 people from public participated in this course. At the end of every month a test was conducted to measure the learning chart of the participants. At the end of the course the participants were given 30 products of each firm and were given separate areas where in they were told to maximize sales and bring out the maximum revenue in the next 25 days. Astonishing results were obtained. Out of 250 regular employees (50 x 5) only 50 employees i.e. 20% were able to sell 45% of the products, 10% could sell 59% products while 70% could not even achieve the 40% selling mark. While in the non-employee participants, 13% sold 89% stock, 56% sold 76% stock and remaining could sell 43% products. It was analyzed that the regular employees undertook training sessions casually and when they were placed in the selling field they were still using traditional selling practices which the consumers were not interested anymore. While non-employee participants absorbed the innovative selling strategy and could convince the customer more easily. 6% of the large cap sector reported that they conduct online trainings, seminars for employees as well as non employees. 21% of the large cap sector acknowledge the methodology favorably. 40% of the MSME sector further viewed this concept positively.

**Micro-franchising**

This concept may be perceived as a niche term in the Indian corporate scenario however it holds predominant importance while examining...
the current business dynamics. Micro-franchising has been developed upon the concept of franchising and focuses on individual growth rather than organizational growth. However, we see it as a tool of building robust business relations right between the organization and right at the individual level. 43% of the large cap respondents acknowledged this concept. 59% of the MSME was convinced and 82% of the small cap sector was convinced with this approach.

**Impact Sourcing**

The concept of impact sourcing entails employing workforce from the suppressed and downtrodden section of the society. It may be done by the organization or an innovative version of Business Process Outsourcing (BPO) may be undertaken wherein the business operations are outsourced to a third party upon the stipulation of employing the least advantaged segment.

It has been proven to be an effective methodology of inclusive growth. It is a concept of eminence not only from socio-cultural aspect but from economic point as well. The impact workers have high performance levels and they are committed to stay with the organization for long term. They offer a cost reduction in the employee cost and offer competitive advantage. Amongst the companies surveyed, 83% of the small cap sector and 34% of the MSME segment had been already working with impact workers. While 23% of the large cap sector and 39% of the MSME segment showed positive interest in this concept.

5. **Conclusion**

We must look for innovative vision to stimulate a more dynamic, inclusive and sustainable social market economy. This is required not only from securing future perspective but it is also need of the hour to think differently to combat unemployment. We have conceptualized some innovative employment practices and obtained the prima facie perception of the Indian industry. Below are the summarized results:
Table I. How many organizations showed a positive response to the innovative employment approaches that we have proposed

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Small Cap (%)</th>
<th>MSME (%)</th>
<th>Large Cap (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative employment interlinked with CSR Activities</td>
<td>N.A.</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Collaboration for MSME and Small Cap Sector</td>
<td>83</td>
<td>50</td>
<td>N.A.</td>
</tr>
<tr>
<td>Indigenization of business process</td>
<td>N.A.</td>
<td>N.A.</td>
<td>12</td>
</tr>
<tr>
<td>Learning and Development</td>
<td>N.A.</td>
<td>40</td>
<td>27</td>
</tr>
<tr>
<td>Micro franchising</td>
<td>82</td>
<td>59</td>
<td>43</td>
</tr>
<tr>
<td>Impact sourcing</td>
<td>83</td>
<td>73</td>
<td>23</td>
</tr>
</tbody>
</table>

6. Scope of further study

The present study had been prepared in the form of a concept note highlighting the possible innovations that can be implemented in the employment strategy of an organization. Initial perception of the organizations have been recorded. Practical results need to be obtained to confirm the same.

7. References


