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The Implications of the Covid-19 Pandemic on HRM Practices in Indian Manufacturing Industry

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Abstract

The HRM department carries out Human Resource Management practices, and its crucial responsibility is to keep employees safe, healthy and satisfactory. Better and improved HRM practices help an organisation to build critical organisational capabilities, enhancing the satisfaction level of all the stakeholders. This research aims to understand the implication of the COVID-19 pandemic on the HRM practices of the manufacturing industries of India with the help of secondary data and thematic analysis. The total net worth of the Indian manufacturing industry is around 244.46 billion USD in 2023 and will rise to the mark of 365.25 billion USD as of 2028. The pharmacy manufacturing companies of India have seen a positive impact of COVID-19, while all the others have seen negative implications. It had faced some risks and challenges during the pandemic, but with the decisive steps of industries and government support, it had mitigated the impact. Now, it is ready to replace China in manufacturing.

Keywords: Pandemic, manufacturing, HRM, COVID

1. Introduction

HRM practices, or Human Resource Management practices, are internally consistent practices and policies designed and implemented to ensure that a firm's human capital will contribute to achieving the organisation's objectives (Aboramadan *et al.*, 2020). The human resource department is in charge of workplace management, keeping the companies' policies running, and implementing all the possible protective measures for handling the issues of the team and team members. Some popular HRM practices include improving the onboarding process, employee retention, access to knowledge and tools, and employee compensation and benefits.

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1.1 Background of the research

The COVID-19 pandemic was a worldwide pandemic that started in 2020 and disrupted several businesses and operations of various sectors. India was no different from the effect of this pandemic; the most affected sector was the Indian manufacturing sector. The annual growth rate of the Indian manufacturing industry was 4.8% in 2013. The growth rate, however, remained consistent over the year up to the year 2019 to the mark of 3.9% (Rather, 2023). Then came the COVID-19 pandemic, which had disrupted manufacturing operations throughout the country, and the growth rate started falling to -1.4% in 2020 (Rathore, 2023). In the year 2021, it reached the mark of -9.6 %, by which it can be said that the COVID-19 pandemic has seriously disrupted the manufacturing industry of India (Rathore, 2023). This sharp decrease was reported due to the shutting down of manufacturing sectors. However, as it was lifted in the year 2022, India's manufacturing sector had reported a boom as it had reported a growth rate of 11.4% (Rathore, 2023).

Figure 1: Annual Growth rate of production in the manufacturing industry of India from 2013 to 2022

(Source: Rathore, 2023)

1.2 Aims and Objectives

- To evaluate the impact of COVID-19 on the HRM practices of the Indian manufacturing industry.
- To determine the challenges faced by the Indian manufacturing industry due to the COVID-19 pandemic.
- To find the possible solutions for mitigating the HRM practices challenges faced by the Indian manufacturing industry due to the COVID-19 pandemic.
- To figure out the future of Indian manufacturing Industry in the post-COVID-19 era.

2. Methods

This research has been carried out with the help of collecting the data on a secondary basis. In contrast, the collected data has been analysed using the thematic data analysis method. The nature of the collected is qualitative, collected from sources like books, journal articles, newspaper articles, and others (Ruggiano & Perry, 2019). For this research, the data has been collected from these sources, including authentic websites like Statista, WEF, UN body, government websites of India, and popular newspaper articles of India and International. The collected data has been analysed with the help of thematic analysis using themes per this research's aims and objectives.

3. Findings

3.1 Impacts of the COVID-19 pandemic on HRM practices of the Indian manufacturing industries

The COVID-19 pandemic had a disastrous impact on the health, economy and growth rate of all the countries worldwide, including India. The most significant effect of the pandemic on any organisation is the nature of the workplace. The HR practices have been drastically changed, and the office made up of bricks and mortar has been replaced by work-from-home culture (Butterick & Charlwood, 2021). The HRM practices of the Indian IT industry have been able to cope with the difficulty of COVID-19 with the help of agility, creativity and flexibility. However, India's manufacturing industry had to bear the brunt of COVID-19 as it was impossible to shift the manufacturing process virtually.

Indian manufacturing industries comprise a few popular segments, including consumer goods, medical devices and products, material products, automotive products and industrial products and services. The total value of all these manufactured items in the international market was around 207.57 billion USD in 2018, reaching the mark of 186.90 billion USD in 2020 (Statista Research Department, 2020). In the following year, the total value of the manufacturing industrial items has grown up to reach the mark of 217.03 billion

USD in the year 2021, and it has been projected that it will reach 365.25 billion USD in the year 2028 (Statista Research Department, 2020). From the figure below, India's manufacturing sector was negatively impacted due to the COVID-19 pandemic.

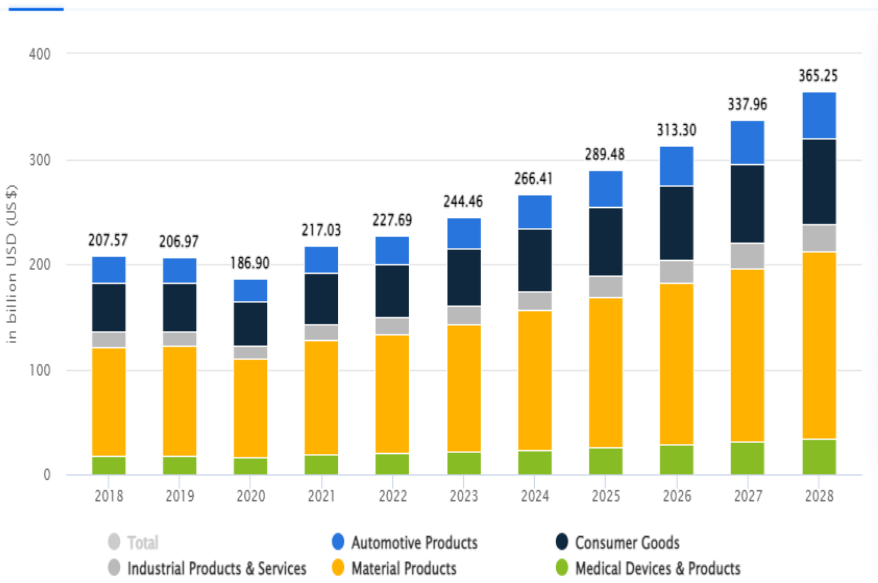

Figure 2: Value added to Indian manufacturing Industries

(Source: Statista Research Department, 2020)

The key activities involved in the HRM practices for the Indian manufacturing industries are staffing, rewards and the development of the employees. ***The staffing*** segment includes recruitment of the employees, selection of the employees, their promotion and termination (Davidson & Szanton, 2020). When the lockdown was imposed on the manufacturing of medical devices and health-related products, all the other sectors were at a complete halt, such as automobile manufacturing, textile products manufacturing, electronic items and many more. Hence, the HRM practices, including staffing, continued smoothly during the pandemic through virtual mode. ***They rewarded*** all the frontline medical workers who cared for the patient or manufactured medical items like PPE kits, COVID-19 vaccines and medicines. The other sectors have, however, seen a negative impact of the COVID as they were not operating, and none of the employees received any reward.

This is the segment of HRM practices involving employee training and development, and the only sector that has successfully provided better training and development to its employees is the IT sector. All medicine manufacturing companies' training and development were received through the digital or virtual mode (Chanana & Sangeeta, 2021). The manufacturing of health sector items has shown positive growth, while all the other manufacturing sectors have witnessed negative impact. Hence, from the above analysis, it can be said that the impact of COVID-19 on the Indian manufacturing industry depends mainly upon the nature of the manufacturing industry. As if it is The health and food sector, it has been positively impacted as new and innovative methods have been found to hire, equip, and develop their skills. The other sectors had been negatively impacted due to the restrictions imposed by the Government of India on manufacturing all non-essential items.

3.2 Risks and challenges faced by the Indian Manufacturing industry due to COVID-19 pandemic

The challenges and risks which were faced by the Indian manufacturing industries during the time of COVID-19 pandemic include shortage of workers, delivery issues, Lack of existing workers due to illness, inability to provide the supplied items, fall of demand in the market, and increase of the input costs. The Indian manufacturing industry has also been facing the most critical risk, the operational challenges, which include considering the workers' health and safety. Manufacturing industries of India have been facing a shortage of workers problem, especially in the working sites for which the products need to be delivered by companies on time (Larue, 2020). The shortage of workers in the manufacturing firms of India resulted in higher expenses and decreased product quality.

Illness of workers: During the COVID-19 pandemic, the government of India introduced specific guidelines for all workers based on the different control methods, including Engineering, administrative, and PPE controls (Goda & Soltas, 2022). Nevertheless, the basic guidelines that each worker had to follow were keeping on mask, washing hands frequently, cough etiquette, social distancing and cleaning and sanitising the workplace frequently. These protocols were called for employees by the government to keep the health condition of the workers working in the organisation.

Figure 3: Protocols issues for the Government of India for workers

(Source: ESIC, 2020)

Operational issues: The government has issued the above guidelines to curb the spread of the virus without any disruption in the work, but it has impacted negatively. The government issued guidelines for the engineer controls to modify the workplace and improve the ventilation norms (Pansare & Yadav, 2022). Increase the outdoor ventilation in the air conditioners on all the floors while it was advised to switch on the system for 2 hours. Keep the exhaust fans open constantly and avoid using the central Air conditioners. For the administration controls, the industries were advised to discourage visitors, discontinue using biometric attendance, use thermometers based on infrared beams and encourage the workers to inform their supervisors if they come through any of the symptoms of the COVID-19 pandemic. Implementing all these measures in the workplace

challenged SMEs and MSME companies due to the need for more funds and infrastructure (Roy *et al.*, 2020). The manufacturing SMEs and MSMEs are the backbone of the economy of any country due to its market coverage. This is why most manufacturing firms and organisations face operational issues working with such a short team.

3.3 Ways implemented to mitigate all the risks and challenges faced by the Indian manufacturing industries

Hiring through virtual mode: Employees were recruited through virtual mode; it was the best mode for screening the candidates, interviewing them, and keeping up the shortage of workers. Due to COVID-19 lockdowns and the shutting of all the factories worldwide, the unemployment rate skyrocketed in India. This is why many candidates applied for the post when the hiring process was carried through the virtual mode. During the COVID-19 time, most of the manufacturing industries of India came to a halt, and to stay in the market, it had to decrease its expenditure for which it had laid off the employees (Kaushal, 2022). The Make in India initiative by the government of India to manufacture in India also came to a halt, which is why the manufacturing sector was required to re-establish its operational form when the government issued the guidelines.

Providing care for the health and safety of workers: Health and safety was the prime concern of all the workers during COVID-19; the manufacturing industries were making huge daily losses. All the MNC manufacturing companies of India, like Tata Motors, Reliance Industries, Bajaj Auto, Serum Institute of India, CEAT and Godrej (Polatoğlu *et al.*, 2023). All of these companies had taken the initiative of laying off the minimum possible number of employees and giving medical insurance coverage to all the employees so that they become motivated to work. As the total number of COVID-19 cases increased, the health anxiety among the workers also increased. After introducing the COVID-19 vaccine in the market, major manufacturing industries of India offered a fee of cost to all their employees as they had kept their staff's safety as the top priority while all the others as the second.

Assistance provided by the Government of India: The government had prioritised all those MSMEs that were associated with the manufacturing of COVID-19-related equipment like Ventilators, masks, gloves, PPE kits, and Infrared thermometers. The government had also launched promotional and incentivised schemes under which India became the medical product manufacturing hub. These were the benefits given to the pharmacy manufacturing companies of India, and for better HRM practices, it had issued safety guidelines. Maintaining social distancing inside the workplace, maintaining hygiene in the workplace, avoiding using central ACs and making it mandatory for all the workers to have "AROGYA SETU" apps, which the government launched to track the COVID-affected persons (ESIC, 2020).

Figure 4: Workplace social distancing

(Source: ESIC, 2020)

Figure 5: Workplace hygiene

(Source: ESIC, 2020)

Figure 6: Workplace air controlling system

(Source: ESIC, 2020)

Figure 7: Aarogya Setu application launched by Government of India

(Source: ESIC, 2020)

3.4 Future of Indian manufacturing industry in the post-COVID-19 world

The Indian manufacturing industry is in its early age. However, as the government of India is taking initiatives in promoting start-up cultures and bringing US companies from China to India, it is sure the coming years will be the golden era for the manufacturing industry of India. The post-COVID world offers a better and safer environment to all the manufacturing industries of India for HRM practices through the traditional mode (Deshmukh & Haleem, 2020). The manufacturing companies once laid-off employees had changed their policy, and now they want to rehire the workers so that the company can meet all its key deliverables. The top manufacturing companies like Tata Motors, Reliance Industries, Bajaj, MRF, CEAT and others have a better chance to improve workforce management, offer more flexibility, and offer better work-life balance to the employees. Meanwhile, the COVID-19 pandemic has transformed many things for all the country's manufacturing sectors; among them, the most significant is the digital ecosystem. More about the changes have been given below;

Scalable and adaptive work design: Due to the pandemic, the workplace has been transformed entirely and made more scalable, and the work design has been more adaptive. Due to digitalisation, most of the processes have become paperless and contactless. Companies have invested vast sums of money to include the latest machinery, enhancing manufacturing. Those machines are based on technologies like AI, Machine learning, IoT and blockchain, which play an essential role in manufacturing industries (Dean & Campbell, 2020). Similarly, in India, most Multinational manufacturing companies have adopted this digitised ecosystem, which is why the growth projection of the manufacturing sector reached 11.4% in the year 2022 (Figure 1).

Employees' health has become one of the priorities: The COVID-19 pandemic has highlighted that public employee physical health should be the priority of every company. At the same time, it also highlighted one more issue that every employee faces but was not quite discussed: mental health. Depression of losing jobs and overworking staff working in India's vaccine manufacturing companies were reported severe mental health issues (Vahdat, 2022). Companies like Tata Motors have worked towards improving the mental health of all its employees in the post-COVID world. **Performance monitoring techniques:** in the pre-covid workplace, the work was monitored physically by the supervisors or the senior executive, while post-workplaces have become digitised (Fonseca & Azevedo, 2020). Now, with the help of CCTVs and video conferencing, it has become easier to monitor the progress of all the employees while sitting in a cabin by the supervisors. Hence, from the above discussion, in the post-COVID world, the HRM practices in the manufacturing industries will improve and help make India the world's manufacturing hub, replacing China.

4. Discussion

The COVID-19 pandemic has affected the HRM practices of almost every sector, including India's manufacturing sector. India's manufacturing sector is developing, and creating an ecosystem requires time and investment. In between, the COVID-19 pandemic halted the progress of India's manufacturing sector and reported a negative growth rate and decreased value added. This research tried to address the implication of the COVID-19 pandemic on the HRM practices of the Indian manufacturing industries. Four themes have been discussed. The first theme was about the impact of the COVID-19 pandemic on the HRM practices of Indian manufacturing industries. Except for healthcare-related product manufacturing and food processing, all the other manufacturing industries have reported a negative impact of the COVID-19 pandemic. The next theme talked about the widespread risks and challenges that were faced by Indian manufacturing, and those were like shortage of workers, operational issues, and health safety priorities of all the employees. The safety of all the employees has been vital whether they are involved in working or working from any distant location.

The next theme talked about how the Indian manufacturing industries had implemented to mitigate all those challenges. The candidates were interviewed from remote locations through virtual mode for the shortage of workers. All the employees working in the organisation were provided training through virtual mode, and after joining, they were given medical insurance coverage by the company. The government also provided some assistance to the companies, like issuing workplace guidelines for the safety of employees. The last and final theme discussed the future of HRM practices in Indian manufacturing industries. India's rise in manufacturing capabilities has given hope to the world that in the coming future, it has the potential to replace China in manufacturing capabilities; for that, it had to boost its infrastructure development.

The trends are shown in Figure 2 that the total value of Indian manufacturing products would be around 365.25 billion USD as of 2028. This trend is likely possible as in the post-COVID world, the manufacturing industries of India had reported significant changes, like scalable and adaptive designing of work, prioritising the health of employees, digitised and paperless processes and improved monitoring processes.

5. Conclusion

HRM practices during the COVID-19 pandemic were the most challenging task for the manufacturing industries. The implication of this pandemic on the HRM practices of the Indian manufacturing industries has been discussed with the help of this research. This research has been covered in five parts, and the introductory part, the background of this research and its aims and objectives have been discussed. The data collected for this research is the basis of secondary data collection, while the collected data have been analysed with the help of thematic analysis. The next part is the findings part; here the data analysis has been carried out with the help of themes, and four themes have been prepared. All the themes were designed per the aims and objectives and were discussed briefly in the discussion part.

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