

Emerging Challenges in Recruitment and its Effects on Human Capital in Economic Slowdown

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Abstract: Economic slowdown decline countries Gross Domestic product (GDP) growth for two or more quarter of a year. Economic slowdown takes place when consumer loses confidence in the growth of the economy and spends less. These leads to decrease in demand for goods and services results in decrease in production, layoff, reduced investor interest, adversely affects on import-export and overall GDP of an economy & its effect spends all over the world. This study focuses on the emerging challenges of Recruitment in economic slowdown. In manufacturing sector, the growth comes down to 4.0 per cent in April-Nov 08 as compare to 9.8 per cent in last year. This slow down of the economy will definitely put pressure on Human Resource management. Human Resource professional are likely to be dealing with stressed employees. During the last three year, Indian economy grew at an average annual rate of 8.6 per cent. ,Finexpert opened that fallout of the crisis will remain stick only to the financial sector of advanced economies. Economist believed that recession of 2008-09 was the worst global recession since 1930.(Choudhari 2008). The paper is an also effort to examine the Human Capital in economic slowdown and also the emerging challenges of Human Capital.

Key Word: Economic slowdown, Gross domestic product, Human capital

I. Introduction

Economic slowdown decline countries Gross Domestic product (GDP) growth for two or more quarter of a year. Economic slowdown takes place when consumer loses confidence in the growth of the economy and spends less. These leads to decrease in demand for goods and services results in decrease in production, layoff, reduced investor interest, adversely affects on import-export and overall GDP of an economy & its effect spends all over the world. During the last three year, Indian economy grew at an average annual rate of 8.6 per cent. For the first time economy come down at 7.8 per cent in the first half of the year 2008-09(April-Sept).The service sector which contributes more than 50 per cent share in GDP seen to be slowing down. The industrial growth has decelerated during April Nov 2008. In manufacturing sector, the growth comes down to 4.0 per cent in April-Nov 08 as compare to 9.8 per cent in last year. This slow down of the economy will definitely put pressure on Human Resource management. Human Resource professional are likely to be dealing with stressed employees. Therefore it becomes challenging for Human Resource to handle the affaire skilfully and tactfully. Human Resource Management works to ensure that employees are able to meet the organizational goals. The organization needs to save the costs and it needs to identify and potential additional source for the cost saving and starting a new growth era. The HRM Function has to prepare a new HRM Vision and a new HR Strategy for the coming period as the cost cutting is not the only way to build a stronger organization fighting with the recession.

II.Review of Literature

Economic slowdown spread across the globe. Many financial institutions like **Lehman Brother, Washington Mutual** or **General Motors** collapsed and many financial institutions become bankrupt in this recession. Six month ago, Finexpert opened that fallout of the crisis will remain stick only to the financial sector of advanced economies. Economist believed that recession of 2008-09 was the worst global recession since 1930.(Choudhari 2008).The growth in real wages has slowed down globally in 2008 and this trends expected to continue in 2009.The growth in average wages reduced from 43 per cent in 2007 to 14 per cent in 2008. “Minimum wages are an important policy tool for social protection and proposed minimum wages be combined with other income support measures or tax reductions” [ILO, 2009]

The HR Processes are heavily affected by the economic slowdown, but the HRM Function has to take this as the opportunity to change and to bring new ideas on the scene. The HRM Function has to play the role of the change agent during the economic slowdown and it has to co-operate closely with the top management of the organization. The economic slowdown is a good opportunity to cancel old policies and to introduce new and modern ways of Human Resources Management. The employees are the most important assets of the organization. The economic slowdown brings a panic to the organization. The employees feel the danger from

the recession, the top management has to inform all the employees honestly about the outlook for the organization and it has to provide them with the vision to follow.

Member of Infosys board of directors and Head of HRD, T.V. Mohandas Pai said, ‘ in response to the economic crises, we had stepped out investment in training. This had made us competitive in fulfilling clients’.

Recruitment is one of the most affected HR Processes by the global economic slowdown on the market. The companies do not have vacancies, the number of job seekers grows speedily and the organization has to manage the recruitment smartly. The recruitment team has to be ready to find a completely different set of skills and competencies. The recession changes the focus of the organization and the new employees can help to secure the organization in the time of the recession.

Objectives of the Study:

1. To study the emerging challenges of Recruitment in economic slowdown.
2. To understand the Human Capital in economic slowdown
3. To analyse emerging challenges of Human Capital

III. Research Methodology

Secondary data are collected from various sources like Economic and Political weekly journal. This research paper on the basis of secondary data. For this research, we thoroughly study the Ministry of labour and employment Labour bureau report & collected statistical report on economic slowdown and also visit on e-library on Internet (Govt of India official cite) and referred HRM journals, newspaper, books, to understand economic slowdown as a literature of the research paper.

Analysis and Interpretation:

The world Monetary fund (IMF) estimated world output growth at 3.75 per cent in 2008 and 2.2 per cent in 2009. The global situation slow down the thing rapidly in mid September 2008 followed the come down of Lehman Brother. The collapse of American International group (AIG) bank. Global crises equity Indian Export is less than 20 per cent of GDP.

Table 1.1 Average Employments

Period	Average employee in per cent	Change (Million)
September 08	16.2	-
October 08	16.0	-1.21
November 08	15.9	-0.74
December 08	15.7	-1.12
Average monthly change		-1.01

Source: Government of India, Ministry of Labour and Employment Labour Bureau, Chandigarh

It may be observed from the table 1 that the total estimated employment went down from 16.2 million during sept, 2008 to 15.7 million during December 2008 resulting in job loss of about half a million. It is seen that employment declined every month during this period. It has also been observed that the employment in all sectors/ industries went up significantly over the period from march 08 to September 08.

Table 1.2 Employment losses (Average)

Period	Rate of Decline
October, 08	1.21
November, 08	0.74
December, 08	1.12
January 09	1.17

Source: Government of India, Ministry of Labour and Employment Labour Bureau, Chandigarh

The monthly average rate of employment loss during oct-Dec08 was 1.01 per cent were as in January, 2009, the rate of decline as increased to 1.17 per cent. The increase in rate of change is mainly due to decline employment in IT/BPO sector in January, 09.

Table 1.3 Estimated Job Loss (Month-wise)

Sr. No	Period	Estimated Job Loss	Cumulative Job Loss
1	October 08	1,96,092	1,96,092
2	November 08	1,17,550	3,313,642
3	December 08	1,77,222	4,90,864
4	January 09	98,156	5,89,020

Source: Government of India, Ministry of Labour and Employment

It reveal from the table that the rate of decline in employment in January,2009 is higher than average monthly rate of the previous quarter, whereas the total loss of employment estimated is less than the previous monthly estimates.

IV. Major findings of Emerging Challenges of Human Capital in economic slowdown

- Organizations are putting their emphasis on attracting and retaining talents.
- With the increase in competition locally and globally, organization are not found in focusing adaptable, resilient, agile and customer
- Human Capital are not playing role as a strategic partner
- Human Capital faces problem in business driven function and influence on decision making and policies.
- Human Capital failed in coaches, counselling, mentoring and succession planning to help organizations member and their loyalty.
- Human Capital found missing values, ethics, belief and spirituality within their organization.

V. Suggestion and Recommendation

- HR should revolutionize the human capital system to identify, maintains, develop and utilize talent across the organization to their fullest capacity.
- Organization need to adopt the changes in technology and changing issues in management of people.
- Offering challenging assignment, opportunities and Initiate change by identifying key people.
- Identify the achievers and rewards them and also reconstruct the employee compensation.
- HRM must play a more strategic role in the success of an organization.

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