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Undermanaged Human Resources as  
Determinants of India's High Growth &  
Low Productivity**

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# Policy Design & Delivery: Undermanaged Human Resources as Determinants of India's High Growth & Low Productivity

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## Introduction:

India's series of economic reforms since 1991 have accelerated economic growth but not productivity at same pace. Productivity in manufacturing sector in the last two decades remains stagnant, but nobody sincerely has bothered to measure and improve. There are several ways & means to measure productivity, defined differently by different scholars. It is a fact that even using same data, different methodology will give different numbers of productivity. But whatsoever methodology we use to measure productivity, India's productivity is quite low compared to USA & other BRIC nations. As per world management survey<sup>1</sup>, 1% increases of management score<sup>2</sup> increases 6% productivity. Comparatively there is not much empirical study in India to understand employee efficiency. And hence there are no concentrated efforts to take remedial measures to make them more effective and efficient using study of health economics, human psychology, education, cognitive & non-cognitive capabilities and its effect on skill formation. India faces challenges of poor governance, corruption, slow decision making process, lack of accountability, low & obsolete management skill.

This research aims at investigating reasons of low productivity specifically in the manufacture sector due to human resource management of industry & the government. The industry to some extent look at their own human resources as part of employee performance management, but this research aims to investigate; does the government policy affect productivity? Indian business environment is said to be heavily influenced by various government interfere and *red-tapism*. A business has to pass through dozens of windows varies in one state to another. The government policies cobweb is cumbersome and puzzle. The government policy is what is inferred by the person who implements it. The policy is implemented through various stages and each stage has its own nuances. It is the people on ground that understands the policy and implement which determine the fate of the policy. The policy is framed at high level after detailed study of the relevant factors and with full knowledge. But on the ground those who are responsible to implement such policy at micro level hardly understand the rationale and have same self-drive to implement the policy. Corruption, lack of accountability, political influence and lack of managerial & leadership skill of the government employees adds hurdle in safe delivery of the policy.

Productivity per se is result of combination of factors; internal as well as external. Manufacturing units sometimes consider their human resource management and various management practices as important factor, but hardly it is thought of that concerned government employees have bearing on productivity of manufacturing industries and seldom are such HR policies designed to practice. Human resource is an

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<sup>1</sup> <http://worldmanagementsurvey.org/>

<sup>2</sup> Evaluate and score management practices by defining the concept of "good" and "bad" score range on band of 1 & 5 on 1) Operations Management, 2) Performance Monitoring, 3) Target Setting, 4) Leadership Management and 5) Talent Management.

active factor of production. The optimum utilization of resources of a country depends on the availability of human resources. Human resources can be equated with 'labour' in the sense of a factor of production, or simply production. Human resource may also be viewed as a kind of natural resources or a people resource just as we have mineral and forest resources (Pattern,T.H., 1971)

To improve productivity, India requires efficient government machinery, administrative set up and trained employees. Political process & administrative structure are required to be charged and to be used as economic drivers. The economic reforms have positive impact on growth, but have failed to improve productivity. This paper investigates the degradation of policy in transmission. Policy percolation should be seamless & internalized. Merely designing *per se* does not suffice unless it is delivered as designed. There is huge transmission loss. Indian bureaucracy has inherent tendency to be cumbersome. It has to be trained properly and micro managed till the end results. Bureaucratic system is to be reformed as part of policy reforms. Reforms are required not only of the top services like civil service, but till the clerk from Chief Secretaries. The employees' performance should measure in terms of delivery of government policies.

India's bureaucracy is characterized by control rather than manage which manifests itself in low efficiency, few of the reasons why India demonstrate poor rank at 142<sup>nd</sup> position in World Bank's Doing Business Report 2015 and 135<sup>th</sup> on Human Development Index 2014. This poor ranking shows the room for improvement in developing human capital and governance.

### **Rationale of the study:**

India's various global ranking or score relevant to measure productivity remains poor. India is ranked 71 on Global Competitive Index, while Management Score is 2.60 against 3.38 of China & 3.22 of Japan. In spite of satisfactory growth within range of 5-9% in last decade, India trails on most of the global indexes. This study aims at identifying hurdles in improving productivity through human resources, within government & industries. The role of industry employees has been studied by several researchers, but in addition we study impact of government employees' impact on productivity of industry.

### **Unique Contribution:**

This research aims to assess role and influence of government agencies & their employees on manufacturing sector in India. The unique contribution of the research is in investigating the loss of force in transition of policy into delivery impacting productivity in manufacturing sector.

### **Significance of the project:**

The finding & suggestion may help design appropriate policies and ways to implement the policies.

### **Questions to be addressed:**

Does government bears any influence on productivity of manufacturing sector?

Can government employees affect productivity in industries?

If industrial policy design is important, does policy delivery is same as designed?

Is there any relation between policy delivery & productivity?

What are the factors that dilute policy objectives in transition?

What is the role of human resource management in policy delivery?

## **Research Methodology:**

We have studied available literature establishing link between growth, productivity & human resource management and the factors of productivity & inhabitants thereof. We will investigate major industrial policies and their delivery system. The research has attempted to investigate interviewing key senior executives of selected manufacturing sector to know if government machinery can enhance or inhibit productivity. Through structured questionnaire we will test identified factors to derive major factors through factor analysis.

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