

COVID-19 and Manufacturing Industries in India and Role of Human Resources Management

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Abstract

COVID-19 had put a halt to many manufacturing industries across the world, including India, and that led to one of the worst job crises. Manufacturing industry is one of the most important sectors in India that drives the economy. India's manufacturing workforce in majority belongs to the unorganized sector which has progressed the economy in pre-COVID-19 times. The employees in the unorganized sectors have suffered immensely during the COVID-19 crisis. The Human Resources Management (HRM) experienced unprecedented challenges in understanding the crisis, employee challenges, and coming up with timely solutions to address these issues. The focus of the paper is to review the opportunities and challenges in the HRM policies and practices in the manufacturing industries during COVID-19 and provide recommendations to apply these findings and to develop a future HRM strategy in unorganized manufacturing sectors in India. To our knowledge this is the first review that addresses the potential role and challenges of HRM in the unorganized manufacturing sector in India during COVID-19 pandemic.

Keywords: COVID-19, India, manufacturing industries, unorganized sector, HRM

1. Introduction

COVID-19 caused by a novel coronavirus SAR-COV-2 was first reported in a cluster of patients in Wuhan, Hubei Province, China in 2019. The disease has since spread worldwide, leading to an ongoing pandemic (Liu et al., 2020). COVID-19 stalled manufacturing activities across the globe due to the high risk of occupational transmission of SARS-CoV-2. In the manufacturing environment, co-workers are in close contact with each other that may increase the potential risk of exposure.

The manufacturing sector is one of the important sectors in the Indian economy. According to Government of India, Ministry of Statistics and Programme Implementation, the manufacturing sector contributes 14.4% of total Indian Gross Domestic Product of India. Since March 2020, nearly 12,930 companies shut down operations across the country, in the financial year 2020–21 due to heavy losses or were unable to commence operations during the pandemic according to Ministry of Corporate Affairs (MCA). The shutting down of business led to one of the worst job crises in the world, including India that resulted in poverty, disparities, and inequalities. After the economic stoppage, the International Labour Organization (ILO) in 2020 projected that 400 million people in India had risk falling into poverty. Therefore, according to ILO, to stop job crisis from turning into a social crisis large-scale, integrated, policy measures were needed focusing on four pillars: supporting enterprises, employment, and incomes; stimulating the economy and jobs; protecting workers in the workplace; and using social dialogue between government, workers, and employers to find solutions (ILO, Monitor, 2020).

The pandemic was an unprecedented crisis; employees were experiencing stress due to novel, uncertain contexts (Hamouche, 2020; Akkermans et al., 2020; Richards, 1996). To respond to such stress, employees leveraged their

dispositional traits and coping responses (Richards, 1996; Caligiuri et al., 2020). It was the responsibility of the organization to put in their utmost and maintain smooth business by protecting employees through this challenge as also recognized by ILO (ILO, Monitor, 2020).

The workforce in unorganized sector who were at the forefront of driving the economy of India suffered a lot during the COVID-19 crisis. At present there is no proper scientific definition for the term “unorganized sector”, which is also often referred to as the informal sector. More than 82 percent of the workforce in India is employed in the unorganized sector, as noted by the International Labour Union (ILO Labour Market Update, 2016). The unorganized sector comprises employees working in minor business concerns and units, often without any assurance of job continuity (Kalyani, 2016). Human resource management (HRM) plays an important role in engaging, having social dialogues, and motivating employees by addressing the challenges like indefinite working hours, improper working conditions, safety issues, and providing solutions for the uncertainty of business continuity.

2. Study Objectives

The aim of this paper is to understand the challenges faced by HRM & employees during uncertainty of business continuity due to unprecedented situations like COVID-19. This review not only focuses on the important topics on current HRM policies and practices in the manufacturing industries from the published literature, it also addresses the opportunities and challenges in the current HRM policies and practices to develop a future HRM strategy in unorganized manufacturing sectors in India.

3. Methodology

This is a general literature review, with an informative purpose. For this literature review search terms “COVID-19 OR Coronavirus OR HRM OR Human Resource Management OR Manufacturing industry OR India” were used for searching published articles between Jan 2020 – Oct 2021 in search engines Google scholar, Semantic scholar and EBSCO. Search results were screened manually to see if they met the eligibility criteria.

4. Results

4.1 Literature Search

In all n=558 records were identified through Google scholar (n = 463), semantic scholar (n = 95) and EBSCO (n = 0). The titles of all the records (n = 558) were screened manually. The abstracts and when necessary full articles were screened that partially met the eligibility criteria (n = 15). Finally, three (n = 3) studies were identified to be included in this study (Khan, 2020; Gupta, 2020; Iman, 2020). The number of studies excluded were n= 555 as shown in Figure 1. This study showed that there were only a few published literatures that focused on the role of HRM during the COVID-19 pandemic in manufacturing industries in India.

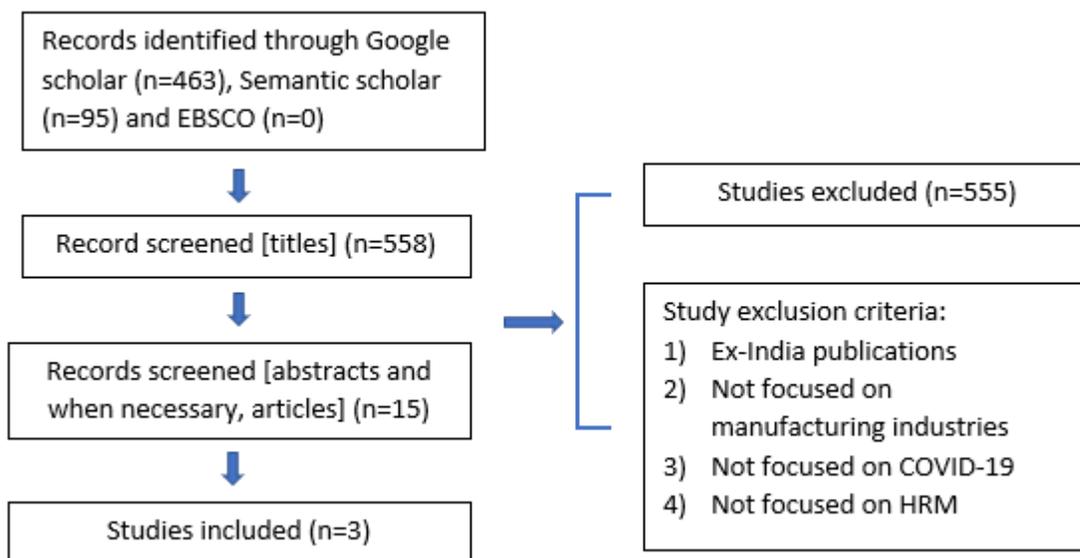


Figure 1. Flowchart of published literature included in this review

As there were only a few literatures available from the Indian perspective, therefore a global search was done on selected topics to address the challenges and opportunities in the HRM policies and practices. Based on this search there are some recommendations on immediate application of some of these topics in the current practice and developing a future HRM strategy to benefit the employees in unorganized sectors.

4.2 HRM Challenges in Unorganized Industries

The manufacturing industry led by unorganized sector in India has roughly one- third share in the total contribution to the GDP, approximately 52.49 million employees work in such unorganized manufacturing sectors, based on Confederation of Indian Industry's (CII) report for 2011-2012. Although the unorganized or the informal sector contributes significantly to the economy in terms of employment, a major fraction of the workforce still gets neglected. The implementation of employers' obligations in unprecedented situations like COVID-19 pandemic is unclear and ununiform across various sectors in India. Our focus here is to address the employee challenges and opportunities from an HRM perspective and to provide guidance for HRM practices as given below:

- a) Identify current HRM practices in manufacturing industries
- b) Identify the employee challenges pertaining to HRM in manufacturing industries
- c) Identify opportunities in HRM practices and policies to address the difficult and unprecedented situations
- d) Provide recommendations for developing future strategies and their application in unorganized sectors

Table 1. Industry wise distribution of employment in the unorganized sector in India (2011-12)

Sector	People working for unorganized sector in India (in million)
Mining	1.79
Manufacturing	52.49
Electricity and water supply	1.21
Construction	48.92
Trade, Hotel and Restaurant	50.17
Education	6.31
Health	2.68

Industry wise distribution of employment in the unorganized sector in India can be seen in the Table 1 adapted from Confederation of Indian Industry's (CII) report for 2011-2012.

4.3 Workforce Challenges to HRM as a Result of COVID-19

4.3.1 Unemployment and Job Losses

Although there were minor job losses in February and March 2021, but India's second pandemic wave eliminated at least 7.35 million jobs crashed across the labour market in April 2021. The job losses due to COVID-19, led to a halt in business in different parts of the country. According to Centre for Monitoring Indian Economy (CMIE), the employment rate fell from 37.56% in March to 36.79% in April. The monthly data also showed that the number of people who were unemployed yet not actively looking for jobs has increased from 15.99 million in March to 19.43 million in April. Three major problems were identified in the labour market 1) There was a fall in the number of people who were employed 2) There was a fall in labour force participation and 3) The number of unemployed people not looking for jobs were rising. It was a critical situation as there was a lower demand in the market, and the labour market remained vulnerable to a rapid build-up of longer-term unemployment.

4.3.2 Impact of Migration of Labour Force

According to the 2011 Census, there are approximately an estimated 450 million internal migrants in India. As per International Labour Organization (ILO) prediction, about 400 million workers were poverty-stricken due to the pandemic and the lockdown (Nair & Verma, 2020). The lockdown and the subsequent recession were likely to first hit contract workers across many of the industries. As per some estimates, more than 120 to 140 million workers in unorganized sectors had returned to their native villages due to fear of job uncertainties, job loss, lack of job and

livelihood opportunities in major cities in India. This led to financial, psychosocial emotional and mental agony in these workers and many were unsure of the job situation in future in major cities. So, there was a drop of 8-9% drop in migrant workers heading back to cities for jobs (Misra & Gupta, 2021).

4.3.3 Lack of Workplace Health and Safety

While some organizations have pushed employees to work in conditions that were at high risk with little support - treating them as workers first and people second. No proper guidance was in place in the manufacturing industry, for the protection of the workers to help reduce the risk of exposure to the coronavirus causing COVID-19. The workers were not trained or educated in safe workplace practices, cleaning and disinfecting and prevention of spread.

4.3.4 Psychosocial Impact of COVID-19 on Workers

Workers in the unorganized sectors of the manufacturing industry were at an increased risk of interaction as they share the workspace with other employees, resulting in compromised social distancing, and safety. They are under constant fear of getting infected and apprehensions about being the source of transmission or infection. The other factor is that due to the very nature of duty, the workers in the unorganized sectors do not get enough time to look after their families; thinking about their families may lead to constant anxiety, concern and fear about the safety and welfare of family members.

4.4 Future Opportunities, Directions, and Insights into HRM Practices and Policies

The COVID-19 crisis has tremendously affected working conditions in various organizations. It has posed challenges to the organizations and the HRM personnel, but this has provided an opportunity to improve the current practices in future by implementing changes in policies and practices to overcome such situations in future. The HRM now recognizes the importance of thinking beyond traditional models to support unorganized workers during such unprecedented situations by understanding the needs of the workers. There are some lessons learnt from current HRM practices in manufacturing industries that can be applied to the unorganized sectors.

4.4.1 Employee Training, and Support

The unorganized sector should be provided with benefits beyond monetary support such as providing proper training and contributing to the welfare of employees (Punia, 2020), as it helps to develop the needed skills for employees to cope with such difficult situations (Akkermans et al., 2020); to increase the awareness, like to reduce the risk of the virus spread, and to discuss mental health issues (Dubey et al., 2020). HRM should also support employees by providing options like flexible working arrangement.

4.4.2 Benefits to be Provided to the Employees

During COVID-19 pandemic transportation services were hampered due to which the workers were stranded and had to face a lot of adversities including mental and psychological distress since they were unable to go back to their villages. Therefore, it is important that HRM makes sure that employers provide transportation to the workers in unstructured sectors which will tremendously help in mobility. It is important to enhance safety measures and improving the working conditions by providing proper education, awareness, sanitation, hygienic workplace and necessary tools. They must also ensure to provide healthy food options, health, and wellness programs for the employees as well as their families. One important benefit would be to provide medical facilities for the works and their families. Other important benefits should include maternity / paternity allowances, accidents relief, natural death compensation, and education support for children, pensions, or monetary support during the situations like COVID-19 pandemic etc., it is important to ensure that the timely implementation of such benefits takes place.

5. Study Limitations

This study had some potential limitations. This study was more or less based on literature review and there were only three studies published on the role of HRM during the COVID-19 pandemic in manufacturing industries. To our knowledge this is the first review examining how the manufacturing industries in unorganized sectors were affected in India during COVID-19 and highlighting the potential role and strategy of HRM in future under such unprecedented situations. Further research could add to the understanding of the future opportunities in the HRM policies and practices in the manufacturing industries.

The other limitation of this study was that the duration of literature research was narrow, as it was from Jan 2020-Oct 2021. This could be one of the reasons for having limited published literature on this topic. The study duration had to be kept narrow as this was the period when the manufacturing industry in India suffered tremendously due to shut down as a result COVID-19.

COVID-19 posed unprecedented challenges. Health and safety norms were not in place, the industries were shut down to prevent the transmission of virus and that led to the worst economic crises not only in India but across the world. The human resources did not have a strategy in place to deal with such situation, hence this could be a reason for lack of relevant published literature to address the strategy of HRM in the manufacturing industry during COVID-19 crisis in India.

6. Conclusion

COVID-19 pandemic affected the unorganized sector, which includes most of the daily wage earners and those working in Micro, Small and Medium Enterprises (MSME) (Indrakumar, 2020). Support, help and welfare for workers in this unorganized sector are important for socio-economic progress. The job loss has been significant in the manufacturing sector during the lockdown and recovery has been slow during the post lock-down period (Vyas, 2020). The labour force shrank by 1.1 million in April 2021 to 424.6 million compared to 425.8 million in March 2021 (Punia, 2020). The unemployment rate shot up from 6.5 per cent in March 2021 to 8 per cent in April 2021 (Punia, 2020). Manufacturing output adversely impacted jobs in the sector during and after the lockdown period (Indrakumar, 2020). Despite of economic devastation caused by the virus, India is recovering from this economic setback, by trying to implement new rules and new ways of functioning e.g., physical distancing in the workplace, wearing masks, mandatory vaccinations. This pandemic has also led to unprecedented and challenging environment for the manufacturing industries and human resource management (HRM) practitioners who must address the employees need to cope with complex and challenging situations and at the same time maintain continuity of business (Salima, 2021). HRM practitioners should work with the employers and the employees collaboratively to address the challenges brought on by situations like COVID-19. HRM practitioners should bring transformation to the existing system by providing extra support with compensation, health benefits etc., and provide proper infrastructure for employees to work in new conditions generated by the COVID-19 crisis (Hamouche, 2020). Although, there are not many publications that address the role of HRM in manufacturing industry during COVID-19, this study highlights the importance of the role of HRM practitioners to have strategies to overcome such unprecedented crisis in future.

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