

Chapter- II

Use of e-HRM system over day to day HR functions by FMCG companies in West Bengal

2.1: Introduction

India's FMCG market is the economy's fourth largest sector, creating jobs for more than 3,000,000 people in downstream enterprises. Household services, personal services, and Food & Beverages are its core constituents. The total market for FMCG reaches Rs. 85,000 Crores. FMCG or so called CPG are products sold fast and frequently consumed in general as contrasted to durable goods, such as kitchen appliances that are replaced in the years. It is required to remain high growth rates and is growing rapidly at a double-digit growth rate. Instead of durable goods such as kitchen appliances which are replaced over the years, FMCG is also known as the CPG. FMCG goods are easily and widely used. The FMCG Company is primarily involved in the production, distribution, and marketing of CPG. FMCG products are categories of food and milk products, medical products, consumer goods, packaged food, household goods, beverages, etc. In the meantime, many growing FMCG products are tea, coffee, candy, cigarettes, shop, and tobacco. Major names in this sector include Nestle, Sara Lee, Unilever, Reckitt Benckiser, Coca-Cola, Procter & Gamble, Britannia, Kleenex, Parle, Pepsi, Dabur, and others.

The relational inertia of the FMCG market in India has not been measured as much. The Indian retail market is projected to cross \$1.1 trillion by 2020 from \$ 840 billion US by 2017, with modern trade projected to grow by 20-25% per year, which could increase the profits of FMCG firms. The FMCG sector's sales exceeded Rs 3.4 lakh crore in FY 18(US\$52.75 billion), with projections reaching US\$ 103.7 billion in 2020. Between July and September 2018, the sector experienced a rise of 16.5% by value; the growth in private consumption and rural revenue was backed by moderate inflation (Nielsen, 2019).

Product distribution, sachet advances with job levels and the Index of Industrial Production (IIP) are common factors for FMCG revenues in India.

In this chapter, the present scenario of E-HRM practice and HR executives' perception and attitude towards E-HRM practice has been highlighted.

2.2: E-HRM Practice Scenario in West Bengal, India

The developments in the FMCG markets in West Bengal have been remarkable in the past few years. The state has been experiencing massive developments in the construction, industries, service sectors, etc. which has enhanced the level of income, in turn, increasing the expenditure levels. The penetration in the rural area is not as high as compared to the cities. The FMCG companies are making efforts to enhance the penetration levels by making people aware of the products and their advantages. E-HRM enables HR with the chance to build new ways of contributing to organizations' profitability. The subject of the E-HRM is certainly not out of date and the true potential is still expected and therefore academic participation in the subject desires to increase. A lot of research has also been carried out on TAM in India. Throughout introducing TAM, the connections between HR (strategic partner, transition advisor, champion of workers, and administrative specialist) and E-HRM were not discussed at all.

ICTs have rapidly changed our socio-economic lives and affected the way of organizations work. In view of the drastic increase in organizational requirements, internal service providers, such as the HR functions, had to reassess their position (Gloet & Berrell, 2003). ICT is becoming an increasingly attractive affliction popularly known as the E-HRM for HRM departments. E-HRM offers HR the ability to develop new ways to contribute to organizational performance through knowledge management and the expansion of social and intellectual capital (Lengnick-Hall & Moritz, 2003). Technologically optimistic voices believe that the IT capabilities of HRM never end from a technical view of point: theoretically, IT supports all HR processes. Trapp, (2002) projects on the notion that e-commerce ends like dot com burls. He is persuaded that the internet

will never go down: that internet usage will keep adventurous businesses looking for ways to reduce cost. The HR departments, nowadays, are not immune to such habits when they are encouraged to demonstrate their added value for business performance. Jäger (2001) argues that e-business growth will add a significant dimension to HRM. Wright & Dyer (2000) express a same view: E-business is emerging and the prospects of operating ways that are compliant with business is forced for HR and HR practitioners. In their opinion 'HR positions become vital performance partners, but HR needs to shift its emphasis, status, and delivery process (Wright & Dyer, 2000). In their opinion, the use of intranet technology is unavoidable in the e-business field.

Over the years, management disciplines have learned to accept the 'human factor' of an organization as an indispensable resource. Compared to any other resources, which an organization needs for its sustainable growth and prosperity, such as capital, raw materials, machinery, etc., 'human factor' of an organization is regarded as an asset that is directly proportional to the growth and development of the said organization.

However, whenever we look at any organization's balance sheet, we hardly see any organization listing their human capital on the side of the 'assets.' HR fraternity, over the years, has remained a bit passive and sluggish to quantify the value that employees add to their organizations.

For decades, human resources operations were considered as 'cost center' for the organizations. Be it, recruitment of selection, salaries and wages, training and development, performance appraisal and succession planning, most of the HR operations were regarded primarily as cost centers, which were deemed to be only supporting functions of the organizations and not a strategic one.

Fortunately, with time, smarter organizations have tried to come out of this fallacy and have started regarding HR operations not as cost centers, but as 'strategic' partners for the organizations. Organizations have realized that organizational performance and success directly depend upon their alignment with HR operations. Be it a new product launch, price revision, market expansion, or even an essential decision like mergers and acquisitions, the leadership of smart organizations has started taking the inputs from the HR department before embarking on any of such strategic and futuristic initiatives.

Hence, as per the requirement of the hour, HR departments also have gone through significant strategic changes in order to do justice to its current and strategic roles. That is where the implication of e-HRM comes into the picture. We need to regard e-HRM as not just a fancy development in the organizational structure, but as a fundamental requirement for organization in order to stay relevant and competitive in the dynamic and ever-changing business environment.

Before getting ahead of ourselves, we have to accept and acknowledge the fact that, though e-HRM is receiving strong support and encouragement in the global HR fraternity, the Indian HR fraternity, however, has remained grossly traditional and sluggish. Apart from a few modern and pro-active organizations, e-HRM has not been able to make an overall inroad in many of the traditional organizations in India, which are still viewing HR as a supportive function, and might one add, are paying a substantial price for this reactive and passive approach as well.

Despite the shortage of proper empirical data on this arena, this research, however, has been able to unearth the rare gems that few of Indian organizations, specifically the ones belonging to Indian FMCG sector, are benefitting from thanks to the proper and timely implementation of various e-HRM tools and practices.

2.3: Perceptions of Indian HR Executives on E-HRM

The following are a few examples of e-HRM practices that some of India's FMCG companies are going through, as well as, are suggesting others to adopt in order to benefit to a greater extent.

According to **Ms. Mahalakshmi R, Head HR India at Mondelez International**, Indian organizations should *“stop having separate HR Tech/ HRIS verticals in their structure. It is about time we integrated tech into HR seamlessly and ensured all HR talent is tech-savvy. Time to ideate on WebEx and learn through webinars and podcasts. It is time to review engagement through online surveys, connect and co-create by leveraging a blend of online and personal connect modes. Let us leverage SMAC (Social, Mobile, Analytics, and Cloud) to its full potential.”*

Emphasizing the importance of customization of e-HRM tools as per the requirements of the organization, **Ms. Sohini Dutt, Director and Head Human Resources, Nivea** said, her organization is looking for some *“HRMS solution which is simple, intuitive and easy to navigate. We want technology to work for us and make our processes more robust.”* As for their requirements, Nivea is focusing on platforms that will provide them *“the flexibility to build modules configurable to our internal requirements.”*

Talking on the importance of imbibing technological advancements in the micro-level HR operations, **Mr. Amit Narain, Head HR, Nestlé India**, said, *“Social Media platforms have played an important role in connecting with our future talent. The two-way engagement with prospective candidates has become easier, faster and impactful. Nestlé India, through a strong social media engagement strategy has communicated its employee value proposition and the*

Nestlé way of life to a much larger audience.” Gone are the days when Social Media platforms were used only exclusively for marketing or PR operations. Nestlé India has quite comfortably aligned various Social Media platforms with its e-HRM processes as well.

As per the **State of HR Technology India 2019-20** report, published by **People Matters** (a Gurugram-based multimedia organization specializing in HR services), Nearly seventy percent of Indian organizations have standardized half of their HR tasks, including daily recruiting, performance management, connectivity, and cooperation. Over the current financial year, about twenty percent of businesses are planning to invest in HR Technology in Rs1 crore. Organizations have started to recognize the top three emerging technologies that can have a greater influence on talent and workplace analytics, artificial intelligence, Chabot’s, and cognitive technologies. As per the report, HR functions such as HR Operations, Performance Management, Communication and Collaboration, Recruitment, Learning and Development, Rewards and Recognition, Succession Planning, and Strategic Workforce Planning have seen a significant increase in automation in last couple of years.

However, the same study of Indian companies also reveals that while adoption of technology in HR is going up, levels of automation in crucial HR functions like identifying high potential individuals, succession planning, and strategic workforce management remains considerably low.

The study found that while tech adoption is prevalent and on the rise, with 70% of companies having some level of automation in their HR processes, it remained low in critical areas like identifying and incentivizing High Potential Employees (HiPos). In HiPo management, only 23% Indian companies had automated more than half of their HR functions, while the percentage was at a mere 22% when it came to succession planning as well as strategic workforce planning.

However, it also emphasizes the fact that the progressive changes are mostly being observed in companies predominantly belonging to the services industry, whereas the same cannot be said about most of India's traditional FMCG companies.

While reacting to the findings of this report, **Ms. Leena Nair, HR Head of Hindustan Unilever** has said, *“We have to digitize while making our companies and institutions more human. The more digital you become, the more human you need to be.”*

Interestingly, talking about her almost three-decade-old experience with Hindustan Unilever, Ms Nair shares a fascinating insight – *“I increasingly began to feel that there was a minimal way of being able to say what is our impact as HR as a function. How does that fully link to top line, bottom line of a company? How does that link to the purpose of a company?”* This thought kept on nagging Ms. Nair until the age of digitization. She says, *“And then the world of digital tools, AI was exploding, and I somehow saw both these trends coming together. The Yin and the Yang coming together where human impact you know, what is the real impact of what we do within human resources?”*

Furthermore, how digital and data could amplify, could provide a window or a vehicle for that started coming together? So it was six or seven years ago, and we set up our first data analytics function. So it was very modest beginnings.” She says, *“And the world of data, the world of digital simplification is bringing those two worlds together. So yes, it has taken 26 years for me to get relevant. Nevertheless, I'm finally relevant!”*

Talking about the current situation of HR professionals to be taken as a strategic partner in their respective organizations, Ms. Nair says – *“One of the reasons I so readily agree to come and speak to HR audiences everywhere is because I think the function needs inspiration and self-belief. The number of conferences I go to where the questions I'm asked range from: Do we have*

a seat at the table? How can HR earn its place at the table? How should we be in service of the business? It is so defensive. So apologetic. Do we deserve it? Are we good enough?"

Responding to this self-dilemma, Ms. Nair says – *"We are staring at a time when there has never been a greater need for businesses to understand human transformation - all the digital transformation is human transformation. It is not the gadgetry...it's, not the tools you can bring in, it's about adopting them, using them, changing your behaviors.... Furthermore, this is the time when we as HR should be stepping up...!"*

Sharing some of the examples of e-HRM in Hindustan Unilever, Ms. Nair says – *"We've digitized all aspects of HR. For example, let me start with all the elements of recruitment. We've digitized the entire recruitment process. So young graduate comes in, all he or she has to do is take a couple of seconds to put their CV from LinkedIn, play games for 24 minutes at a time of their choosing, at a place of their choosing, break it up, play a couple of games one day. No problem. Send us a selfie video for 30 minutes to 40 minutes with some standard questions. And that's it."*

She elaborates by saying – *"And then it's AI, machine learning that allows us to see who fits best at Unilever. Previously we had the pool of 3000 people from which we had to select the 800 graduate trainees. Now, we have two million people applying for Unilever. However, now, with what we are doing with digitization, we can talk to all of the two million people. So all of the two million people get a chance to give us their CVs. Play games and give us a hell of many data about themselves. Interview with us. Furthermore, be confident that they have had a chance to access this. In addition, every single person gets detailed feedback about what the psychometrics were from all those steps they participated in. It helps to bring scale but make it personalized. Now, you cannot worry about scale but use digitization to break the scale-up so I can provide*

personalization and focus to every single person that applies for Unilever and ensure they get some feedback and ensure like they feel they had participated in the process.”

Highlighting what kind of humongous scale e-HRM can take an organization to, Ms. Nair talks about their **Flex** experience – *“We've tied up with Gloat. What we've said is people have some capacity to do things that they're passionate about. You might be very busy. But if you're passionate about something you'll find the time to do it. People find the time to learn in areas they're passionate about. So what we've done is we've unlocked inner mobility within the company. And I was just stunned to see the numbers, that around 40,000 employees in Unilever are on this platform and we've unlocked thousands of people working on things they're passionate about on top of the daily jobs. Doing stuff that excites them and the people who received this are delighted because they've got people who are passionate about it working with them on unlocking something for Unilever. So it's not something, which is fringe. It's now mainstream.”*

Talking about a unique Chabot experience at Hindustan Unilever, Ms. Nair says – *“Una is our internal bot. everything that touches the employee, the first tier is Una, you've got to talk to Una. Una gives you answers. Una is a search capacity, Una is bot capacity, you have a mix of everything. And again, I was so delighted to hear yesterday that we've crossed a million searches on Una.”*

Mr. Ritesh Rana, Head HR of Britannia, talks about the role of e-HRM in Talent Management – *“Not only in talent management but in every sphere today, digitization and technology are indispensable. Be it recognition that happens through bots and portals today, knowledge sharing that happens through social networks, ideas that are generated on a digital platform, continuous engagement touch points, and connects that happen at the touch of a button, online learning, and*

so on and so forth. For talent management in specific, we have development conversations that are enabled with the technology between managers and employees that result in development plans recorded for the year.”

2.4: Conclusion

In short, it can be inferred that companies are significantly affected by the E-HRM. Above stated, every HR executive supported E-HRM which is functional and it has a positive influence on the organizational performance. E-HRM helps HR professionals in their day to day functions and reduces administrative burdens. The HR professionals are trying to integrate all the automated functions to take competitive advantage from it. In India, the perceptions of HR executives towards E-HRM practice are positive that leads the progress of FMCG organizations towards more profitable.

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