

Role of HR and in Bridging the ‘Skill Gap’ in Technology Start Ups

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Abstract:

You don't Build Business , You Build People ,and the People Build the Business
-Zig Ziglar

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1. Introduction

Aristotle, the Philosopher's statement that 'the whole is more than the sum of its parts', seems quite relevant when it comes to Human resource managers. Their inherent capabilities to fully understanding the organisation's documented Business Plan and ensuring alignment of management thinking with organizational goal. In brief, Human resource management acts as a bridge between the organization and the outside world while ensuring that all managers are working and driving the organisation in the same direction. In the context of technology start-ups, the initial role played by HRM is very crucial as it decides the future course of 'intrapreneurs' and ensuring that best personnel are hired. It also acts as a gateway for entry of efficient human resource personal's for skill oriented 'start ups'. The paper discusses the role of HR in bridging the skill gap in technology start-ups or established organizations who are engaging human resource practices at their level.

An urgent need is being felt to bridge the skills gap that threatens the sustainability of start-ups around the world. Even Though a big component of the skills gaps is the shortage of people skilled in the STEM (science, technology, education, and math) related industries, there is a gap in soft skills such as communication and advanced leadership skills which are increasingly being observed as well.

The paper identifies the missing links and discusses the role of HR in bridging the skill gap through selected cases in an Indian context.

2. Background

Before proceeding forward, it would be prudent to have a quick glance at the background of the problem that concerns us. Unlike major economies of the world like the United States, China, Japan, South-Korea etc, the Indian economy was not as closely inter-linked with the world as they are. Being a consumerist economy, it had till a long time remained secluded from being integrated with the world. Having a closed door economy had consistently saved

India from the global economic crises (Like the East Asia economic crisis) and meltdowns that affected the rest of the world economies.

But not being integrated and possessing a closed door economic model had its own set of discrepancies. Before its independence (15th of August, 1947), India was a sub-servant economy with a captive market base controlled by the British Government. The impoverishment of the economy continued till the Indian independence, after which the farsightedness of some leaders led to the establishment of heavy industries and basic infrastructure facilities on a large scale including in the education sector. But the present demographic situation suggests that measures needs to be taken up in right earnest one of them being development of a full-fledged entrepreneurship ecosystem and thereby create more jobs. More industries, companies and start-ups would necessitate more human resource engagement and hiring's which would lead to employment creation. Vice versa in order that start-ups and businesses grow, we need to have skilled manpower to work in the specific domains as part of the organization too.

Presently the level of skill in the Indian workforce is not commensurate with the growing requirements. Many of the start-up industries in the highly technology centric jobs have not been able to get the skilled manpower required and have to get people from outside India to fulfil their requirements. As for the manpower requirements for lower end jobs mostly infrastructure, electrical and service sectors are concerned 4 out of 5 workers engaged by the organizations were found to be handicapped in terms of the right skills required (FICCI 2010 Report submitted to Government) and had to be retrained to do the jobs for which they were hired even if they carried the certifications and degrees required to fulfil the criteria. This leads us to believe that there are severe anomalies in the education; skill training and certification processes involved with skill generation programs like the ITIs.

Thus it is imperative to create sustainable avenues for growth and employment generation for the majority of population and to address these critical economic concerns, alternate processes need to be formulated in startup domain too. The need for creating additional means of employment keeping affordability and accessibility into mind for the poorest of the poor has to be seen in

the background of the current economic situation as well as the requirements of the industry while ensuring the right ecosystem for entrepreneurship development as well as skill training measures. Skill development is also important to promote innovation within the organizations. Skilled people are more likely to come up with innovative methods to complete a given set of job.

3. Literature Review

Researchers like John R. Hollenbeck, D Scott Derue and Rick Guzzo while addressing the issues of Human resources practices in the context of an innovative organization have identified critical gaps between the scientific bodies of knowledge on team functioning vis-a-vis actual Human Resource practices of teams. These were related to areas of composition, training and task design. Comparatively, Stephen J zaccaro and Deanna Banks in their article while highlighting the role of leadership and adaptability in bridging the gap between research and practice on developing the ability to manage change^[5] have discussed three gaps between leadership research and practice. The first refers to the value of organizational visions. The second reflects beliefs about the importance of change management skills for HR managers. The final gap concerns the utility of training and development programs that target visioning and change management skills. They also discuss reasons for inherent gaps between leadership research and HR practices while describing some components of visioning, adaptability and managing change, and provide some supportive conceptual and empirical research.

Anthony McDonnell on the other hand refers to the "War for Talent" in bridging the Science Versus Practice Gap to highlight the importance of talent management.^[6] The article identified some of the most critical outstanding issues faced by practitioners in undertaking effective talent management. In spite of the global financial crisis, talent management was projected to continue as one of the most important challenges faced by organizations in the coming decade. According to the authors, workforce demographics and skills shortages were more likely to make the "war for talent" fiercer than ever before making effective talent management a competitive necessity. In comparison, while commenting specifically on the need for Protection of Job Security for Ill Workers in the Modern Workplace, researchers Lan Cunningham, Phillip James and Pauline Dibben noted that the main aim of organizations was to provide insights into the nature and causes of that gap. The particular focus of analysis is the line manager's role in facilitating the employment security of employees who have contracted serious illness, injuries or disabilities. More specifically, the article presented the findings from four case-study organizations in the UK, and identifies a number of factors that militate against the ability of line managers to comply with organizational policies on the provision of workplace adjustments and employment security for ill or disabled workers. These factors include: contradictory policy requirements, weaknesses in training, lack of support from relevant internal and external specialists and various work and budgetary pressures.^[7]

4. Opportunities

One important step that can probably be taken in order to offset any exigency would be to provide the fellow citizens, the mentorship and positive peer pressure required to channelize human resource development and training through the institutions of higher learning like the Universities and training institutes. There are immense opportunities that lie ahead due to the developing nature of the economy and the huge prospect for growth. Developing nations like India are rich in natural resources

and manpower. They have an abundance of natural resources and manpower with huge potential for growth to take place. But we need to look at it in a holistic manner i.e. though the opportunities are immense at the base of the pyramid (BOP) yet it has to be pursued in a producer centric manner rather than with a consumerist approach. In other words the whole efforts should be geared up to address the critical incidents with a service model aimed at human skill development through training mated to entrepreneurship and addressing the shortage or the skill gaps.

The 'skill gap' implied cutting across its domain of reference is often used to describe the difference between the skills that employers expect among their prospective employees with those that are available. It is a big challenge faced by organizations and their HR managers to seek and successfully get the best from the available. The skill gap is a major constraint the presence of which is seen to be negatively impacting the organizations. Organizations with critical sets of manpower requirements try to avoid rather detest its presence. In developed nations with complex requirements, it could be the lack of available manpower which could be more prevalent but in case of developing nations like India, it could be the critical skill gap and not the available flow of manpower which could constraint the organization's functioning. The lack of skill availability and resultant gap could be the result of quality of education received or rather the lack of it. This could be because of lack of skill based training accessed by the prospective employees.

In several instances, the skill demanded by the line manager or senior management does not match with the prospective candidates skills but if the HR is experienced with a good power of judgement, available personnel with a diversified but having expertise in a certain skill set could be hired. For eg: A worker with the experience on working on Press machine of brand "A" and the demanded skill is of press machine brand "B", so it is quite obvious that there is only a working difference or we say operational difference hence that worker can be hired as training could be imparted to the person without much qualms.

Hiring manager faces these problems because the line manager or the requisition department are very rigid and specific to their demand which leads to the compromise on many other factors such as Human behaviour, background and abilities. Skill gap is something which is also related to human nature and organizational politics. In several instances, person having good abilities and skill-sets in his/her area fail to perform to the best of their abilities due to several reasons. It could be due to the lack of suitable environment for the person to complete the given job effectively or due to the lack of support from the employees for the new comer. In many cases the organizational politics takes a toll on the effectiveness of a person. But inspite of the myriad problems people have succeeded in their efforts mainly because of the command over the skills that they possessed which led to sorting of issues as it made the person self reliant and efficient.

5. Indian Government role in promoting skill development

On 16th of July 2015, the government of India made a historic decision to impart skill based training through the Skill India initiative with the aim to train 400 million people in different skills by 2022. In view of the fact that skill development and entrepreneurship efforts have generally remained out of bound for the general population and fragmented, the Government set up a dedicated Ministry for promoting skill development and entrepreneurship in the country. Under the ministry directive, several initiatives like National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) or PM skill

development scheme and the Skill Loan scheme have been pooled up with the aim to foster skill integration and harnessing by the industries. In all more than 70 schemes for skill development and entrepreneurship are catering to the growing demand for skill based vocational training. This is in order to increase the percentage of skilled workforce from 5% currently to a higher percentage and on comparative terms with the developed nations where percentage of skilled workforce is close to 60 % to 90% of total workforce with vocational training. The aim is to achieve a speedy reorganization of the ecosystem of skill development and entrepreneurship promotion in the country to suit the needs of the industry and enable decent quality of life to its population. Even though, issues remain yet gaps are being identified to improve the capacity and quality of training infrastructure as well as outputs, with focus on workforce aspirations, certification and common standards with special focus on the unorganized sector.

An important component of the entire skill development initiative by the Indian government is handled by National Skill Development Corporation (NSDC) an arm of the Government of India which has set up 4021 training centres with 267 Training Partners training 65,46,251 and placing 26,92,168 through initiatives that could potentially have a multiplier effect. NSDC has been able to utilize ultra low cost, high-quality, innovative business models successfully to attract significant private investment for training initiatives with industry partnership and ramping up private financing either as loans or equity for startups. It provided grants and financial incentives to select private sector initiatives to improve financial viability through tax breaks, along with creating an enabling environment by setting up standards and accreditation systems in partnership with industry associations.

6. Conclusions

Intrinsic motivation is considered to be important and vital for managers engaged with doing activities involved with the start-ups or business as they find it interesting and drives spontaneous satisfaction from them. Extrinsic motivation in contrast requires an instrumentality between the activity and some separable consequence such as tangible or verbal rewards which could be important for the employees involved with the organization as they always look for external motivation. The external motivation could be the skill development and training initiatives which could be provided to the employees either on a stop gap mode or on a continuous mode. The organization could though try to hire the skilled people required at the very first instance as training activities in majority cases are expensive to conduct. When an organization utilises the services of a skilled employee, they gain incrementally through extensive knowledge and experience of the individuals. In the case of technology start-ups, the role of people who are engaged with engaging of manpower becomes crucial. The organization has to continuously scout for people with innovative skills. It has to also occasionally conduct training programs to upgrade the quality and skill level of employees. Organizations and start-ups have now the benefit of hiring skilled manpower due to the pro active training initiatives of the Government under the skill India Mission initiative. They can also receive support for funding their organizations and sustaining them under the Startup India Program of the government which helps them pay for the manpower costs while helping them hire the best people. But beyond seeking support from the public institutions, the Companies would do well to explore various options within them as well as understand the importance and implication of Talent management.

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