

Automation in IT Industry and its HR Fallout

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Abstract

The article has tried to highlight the impact of automation on human resource in the present scenario in IT industry and has also attracted attention towards the legal challenges organisations may face due to shift towards digital era. The findings suggest that automation is taking away jobs in the IT industry and also impacting its profitability and sustainability. Automation on one hand is providing ample opportunities in the business world but also giving a sign of unexpected challenges for HR professionals where they have to balance both employees' personal goals on one hand and organisational goals on other keeping the legal provisions into consideration.

Keywords: Automation, IT Industry, Unionization, HR Professional, Layoff.

INTRODUCTION

India's Information Technology (IT) Industry accounts for approximately 67 percent of the US\$ 124-130 billion market employing more than 10 million workforces. It stands alone as world's largest sourcing destination. It is expected to grow at a rate of 12-14 percent inflating its current revenue to reach US\$350 billion by year 2025. As per the Accenture's Platform Readiness Index, India ranks among top five countries in terms of



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digitalization maturity and scaling up digital platforms by 2021.

IT industry has led the economic transformation of Indian economy and transformed its image in the global world. India's ability to provide its IT services at low-cost remains its mainstay Unique Selling Proposition (USP) in the global sourcing market and maintain its cost competitiveness and gaining prominence in terms of Intellectual Capital with numerous global IT players setting up their innovation centres in India. IT has penetrated in each every field naming from healthcare, banking and security firms to manufacturing and many more.

The Indian IT and ITES is broadly classified into four segments namely IT services, Business Process Management (BPM), software products and engineering services and hardware. IT industry is expanding its wings various other fields like engineering and computer science with significant demand in the education industry. Even rising startups such as Flipkart, Snapdeal, etc., expanding Indian start up ecosystem has put use of IT to new heights.

DEFINING AUTOMATION

Automation is all about making use of machine and technology more in the work processes by removing or reducing the human involvement to minimal or zero. IT automation is using AI (Artificial Intelligence) or the machine language disparate systems in a way that they get regulated on their own or self-acting. Most large IT services companies have been investing in automation of processes in their traditional businesses like business process outsourcing (BPO) and application and infrastructure management, which means fewer engineers, will be required at the lower end of the

pyramid. Across almost every service, we see the impact as eliminating between 30% and 80% of the full time equivalent working in the Indian services industry. We believe that it will take at least 10 years for the industry to reach the upper bounds of this range, and this adoption will shrink existing legacy book of business 3% or more this year, IT automation has some limitations. In the security and risk management arena, automated systems can make errors, stemming from a weakness in human-level pattern recognition and language comprehension. An automated system is not the same thing as an intelligent system; it does not learn from past experiences. For instance, an email spam filter is an example of an automated IT process. Occasionally, valid emails end up in the spam folder and unwanted spam email gets past the filter and into a user's inbox.

'An example of IT automation in practice might be as simple as the integration of a form into a PDF that is automatically routed to the correct recipients, or as complex as automated provisioning of an offsite backup.'

EFFECT OF AUTOMATION ON HR, NUMBER AND PROFILES

Automation is impacting the job market very intensely and showing its effects on various organisations and is now clearly visible across the prevailing sectors. On one hand automation is helping the organisations to improve upon their systems and bring in more efficiency and helping the organisations stay in tuned with the changing technology and others variables to remain ahead of their competitors and stay alive and improve their operating margins.

While on the other side it is revealing its black face, by taking away the jobs of the people as

companies are moving towards adopting the new technology available with no doubt that they machines are learning faster than men and replacing them in many field ranging from manufacturing to back office operations. As automation is growing the need of human element is becoming minimal in the organisations due to its cost effectiveness and increased performance with minimum time involvement. With due credit to automation the big corporate giants like Cognizant lay off 6000-10000 employees, Infosys lay off 9000 employees, Tech Mahindra sacks 1000 employees, with Wipro 600 and many more following the suit and pruning its workforce year on year wherein Cisco announced a reducing its global workforce by 7% with IBM planning to downsize by 5000 job cuts by 2025 and intent to reinvest in priority area such as internet of things and cloud computing. It is quite evident from their hiring practices in the present scenario.

As per the views of the IT Sector expert, Mohan Das Pai around 20 crore middle-class youth would be having no jobs or fewer jobs by 2025 blaming improved technology and rising automation.

IT Service industry is witnessing its slowest growth rate of the decade and is struggling to battle the challenges of automation, technology shifts with rising protectionism in its major markets like US wherein Newly elected US President Donald Trump odd policy against outsourcing of jobs and blocking the entry of highly qualified professionals and by forming stringent visa norms and putting more emphasis on the IT players to hire locally rather than outsourcing talent.

Owing to the mounted pressure the companies had reduced the campus hiring and is moving the people in different verticals and

doing redeploying whose job has becoming redundant due to automation.

For instance, Infosys has reduced its hiring by 60%, where they hired only 6320 people in year 2016-17, as against 17,857 in its previous year. It had deployed automation more for the repetitive tasks done by the engineers.

The mid to senior level employees are also getting affected who are in the centre of reskilling and restructuring conversations flowing across the sectors. India's IT sector has 1.4 million mid-rung people holding experience of nearly about 8-12 years with salary packages ranging from Rs 12 lakh to Rs 18 lakh per year. The upcoming change brought in by automation involves a great human cost and will prove to be a worst hit and big blow to the people employed in the IT sector.

WILL MACHINES REPLACE JOBS? WHO WILL BE AFFECTED?

As per research findings of People strong human resources (HR) solutions firm that by 2021, automation can take away up to quarter of the people's jobs. Similar, findings are reported by the World Employment and Social Outlook report, 2017 that unemployment in India can rise up to 17.8 million 2017 in comparison to 17.7 million in 2016 and 18 million a year later.

REASONS OF LAYOFF

Machine learning and Artificial intelligence which previously required expensive computing machines are now embarking upon the lowering of the cost prices motivating the companies to invest and reap benefits of the same.

During the last decade, the technology in this industry is witnessing/experiencing major changes. One of them is automation in processes. On one hand automation improves quality, efficiency, cost and errors. There is another aspect of automation which deals with number of people employed in this industry. Automation as the word speaks, replaces many of the manual processes and thus the number of jobs in this industry. As IT/ITES industry employs a major chunk of engineers, the industry is witnessing a discernable shift in the employment patterns. Low tech and low skill jobs have particularly disappeared from the horizon and there is a new demand for professionals with skills in AI (Artificial Intelligence) and complicated processes. It is possible for the some of the professional to upgrade their skills, but large numbers are unable to cope with the ongoing changes.

Traditionally, IT & ITES companies have been focusing on employees' perks and benefits, since retention has been a major issue. All the HR policies and actions are oriented towards retention. Due to the shortage of IT professionals, some of the marginally qualified persons have been with the industry and have grown to senior positions. Such individuals do not have adequate educational background and requisite skills to cope with the changed demands of work. Also, with many of the jobs being sucked with in automation whirlwind, the companies are at a loss, how to deal with such senior persons who have become redundant. HR fraternity in IT/ITES has no experience to deal with such turmoil. Layoffs, retrenchments and closure are unfamiliar words for such HR people. There has been no union activity in IT/ITES domain.

UNIONIZATION IN IT INDUSTRY AND LEGAL POSITION

In India, the labour laws provide great amount of protection to 'workmen'. Workmen are defined in Industrial Disputes Act 1947, as a person who broadly speaking, has no managerial role in his job description. It does not matter what designation or the title the persons holds. Till the time the person performs non-managerial role, i.e. does not have any subordinates whose work he has to supervise or is not required to take managerial decisions, the person can be classified as a workman. An example in this regard is a highly skilled and handsomely paid airline pilot. They do not have any managerial role and thus have been classified as a workman in various judicial pronouncements. So the airline pilots have formed unions to collectively negotiate with airline managements. They also claim protection under the law available to workmen. Similarly, IT professionals do highly skilled programming work but do not perform managerial functions. Therefore in terms of Industrial Dispute Act, 1947 majority of the employees in IT/ITES industry can easily be graded as workmen as they are highly skilled individuals with practically no managerial role. The unions across the country are watching this situation with great interest as they find a good breeding ground for expanding their area of influence. Any change in work conditions of the employees will attract Section 9A of Industrial Dispute Act, 1947. This in broad way affects the economic viability of the sector. As the automation increases, the job losses will mount resulting in dissatisfaction among the employees. We may witness many labour related disputes/litigations in the near future which were not prevalent in IT/ITES industry till recently. As the lay-offs due to

automation increase and there is shrinkage in jobs, the unemployed or laid off workers are likely to group together and form unions to negotiate with managements. It is also feared that the workers groups may solicit assistance from trade unions linked to political parties. Some such trade unions are known for their violent manner of pressing demands. The harmony which is prevalent in IT/ITES industry may get de-stabilized.

IS IT INDUSTRY HR PROFESSIONALS READY TO MEET THE CHALLENGE OF AUTOMATION?

There is no likelihood that situation will go back in foreseeable future. Firstly, the industry has to find its own solutions which can be done with help of other stakeholders. The industry could convert this challenge into an opportunity and look for untapped markets and try to augment business. Secondly, as the cost and efficiency of the service will improve. It will provide incentives to other sectors to use IT services at lower cost. Thirdly, the industry could re-negotiate the salaries with surplus employees and explain the limitation in continuing their employment.

Thus such employees can be reemployed in new roles at prevailing market prices. In this exercise, communication with employees and other stakeholders will be a key to success. The industry could also approach government to bring in reforms in labour laws by amending definition of workmen and reducing the risk due to workmen definition.

CONCLUSION

The HR professionals need to relook into the jobs and has to redesign them to match the expectations and align with the changing

contours of the corporate world. As the world is moving in the digital era which is revolutionizing the business by breaking the traditional norms and entering into arena of opportunities along with unforeseen challenges provided by automation. HR has to deal with it owing great responsibility wherein on one hand they have to protect the livelihood of their employees by ensuring business sustainability and employer brand.

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