



---

## SERVICE SECTOR EMPLOYMENT IN INDIA- AN OVERVIEW

**Dr. Suganthi. M\***

\*Assistant Professor,  
Department of Social Work, PSG College of Arts & Science,  
Coimbatore, Tamil Nadu, INDIA

---

### ABSTRACT

*The service sector is a division of the economy, which includes employee and employer of business who produce service rather than goods. The service sector is a major and vital force which covers a variety of activities from the primitive information technology to the services of the barber and the plumber. It is evident that when the country started to develop the expansion of output in manufacturing goods, it had to pave the way for service sector. Once the goods are manufactured, the manufacturing sector takes the back seat, giving way to the service sector in terms of output and employment (India Budget, 2012-13). This comprises of hospital, retail, education, information technology, utilities, transport services and so on (UK essay, 2015). In the worldwide trend, Indian service sector has gained a significant growth. It serves as the major contributor to the economic development and creating employment opportunities. The Indian service sector economy has also contributed to the world economic growth. The paper attempted to analyse the trend in service sector employment in various industries.*

**KEYWORDS:** Primitive, Manufacturing Goods, Employment Opportunities

---

### INTRODUCTION

Service sector is considered as tertiary sector, which involves production of services. This tertiary sector is the fastest growing sector compared to the other sector in the whole world. It makes an unswerving and a momentous contribution towards employment opportunities. As a routine, all countries undergo a drastic structural change, and today India, has obliquely moved from agriculture to industrial sector and then to service sector ultimately. Trade and foreign direct investment flow are established in India through service sector contribution. Most importantly, the increasing noteworthy growth was found in communication, software and financial services. As per the Economic survey for the year 2013- 2014 India has the second largest growing service sector at the annual growth of 9 % every year and contribute 44% share in employment as per the survey for 2012. The Economic survey for 2017-18 states that service sector continues to contribute 55.2 per cent of economic growth for the nation.

#### Growth of service sector in India

The Indian economy is growing faster (*World Economic Outlook, 2012*). The economic history clearly indicates the significance of the service sector as the developing

countries have consistently experienced a move from agriculture to the industry and to the service sector. The service is the fastest growing sector in India, contributing significantly to GDP, employment, trade and investment. Globalization and consequent compulsion of competition pose a serious challenge to the service sector. After India got independence, GDP grew at four per cent average. Service sector started to grow in the mid 1980s and increased during 1990s as the country was facing severe balance of payment crisis (*Arpita Mukherjee, 2012*). The studies show that liberalization is the main cause of growth of the service sector in India (*Chanda, 2002*). The economic growth of India has changed the demand pattern of the people; the essential became non-compulsory utilization like education and health.

Accessibility to skilled manpower, low cost and educated workers has been the reason for the development of information technology sector. Labour productivity in services is the highest and it has increased over time. Developed countries have started outsourcing to developing nations like India, which has created employment opportunities. This has given a major boost to the Services Sector in India, which, in its turn, has made the sector contribute more to the India GDP.

### **Employment in service sector**

It is being stated that creation of employment in the service sector is not proportionate to the revenue growth of the sector (*Bosworth and Maertens, 2010*). Based on the NSSO report, it finds that the total employment during the period 1993-94 is 63% in agricultural sector and 21% in the service sector. But later, it was found that agricultural employment had gone down while service sector employment had gone up. In the service sector, retail industry employment has risen in recent years. Significant changes in employment are also taking place in communication, transport service, and storage industries. Notably, employment in public administration has gone down.

There is development in employment in the manufacturing sector, which is a significant perspective. The skill oriented labour demand in India seems to be competitive and hence, there is greater demand for outsourcing to India, where service sector jobs are on hike (*Ministry of Finance, 2007*).

CARE ratings report that the service sector is leading in providing new job openings. The service sector created about 60% of whole employment in the year 2017. The service sector has been reported as the dominating field since the growth rate of employment has gone up by 3.7%. The report further claimed that Information Technology is the top most industry. Labour productivity is found to be higher in the service sector (*Bosworth et al., 2007 & Bosworth and Maertens, 2010*). *Bosworht and Maertens (2010)* in their report stated that the labour productivity factor of the service sector is higher.

### **OUTLINE ON PROBLEMS OF EMPLOYEES & HR CHALLENGES IN SELECTED SERVICE INDUSTRIES**

**Hotel:** When it comes to hospitality industry the most important part is sustaining the interest of the customer. The Indian hotel industry experiences a high rate of attrition (*business wire, 2020*). Employee retention is considerably low due to low wages, long working hours, and tiring work schedule (*Grace Dean, 2021*). Lalit K. Panwar, MD, ITDC Ltd says that there is a requirement of 150,000 in a year, but the supply is only 50,000. The hotel industry is also facing shortage of skilled employees, which affects the industry standards. As per the study conducted by the Ministry of Tourism skilled manpower supply is only 8.92 percent compared to the actual requirement. As the attrition rate has risen to 25 to 35 percent in different level of employment, it is not a beneficial factor for the cost of hiring, cost spent towards training and problem in customer service go in vain (*Gaurav Kashyap, 2014*).

**Hospital:** Hospital industries in India became a business where the medical, para-medical and blue collar workers are coerced to fulfil the given task by the management. In most of the cases, freshers are being employed at a low salary with long hours of tiring working schedules. Sometimes, the nurses spend about 12 hours per day at work.

The reward is not linked to the performance of the employee and hence there are no systematic reward systems except promotion or salary increment. There is as no equity the employee who spends the whole day at work get the same salary as the employee who works for three hours in a day. Because of the above issues, the employee gives a low level of performance. Lack of advancement at a job is also a significant perspective which affects the employees' working health care system. Career builder survey says that nurses are being overloaded with work which leads to depression. Shortage of worker and absenteeism issues becomes daily routine and hence current working staff is overloaded (*Becker's Hospital Review, 2011*)(*Marjolein Dieleman and Jan Willem Harnmeijer,2006*).

**Retail Industry:** India became a hub for retail market as the trend of consumerism is growing tremendously. According to the *Global Retail Development Index 2017*, India takes the first position amid thirty developing countries in the world subsequently 2019 India falls to Second position but found to maintain to be the stable retail leader(*Kearney,2019*).The growth had created enormous employment opportunities, it is been estimated that the sector could generate about 25 million jobs by 2030 (*IANS,2021*) (*Manish Mohan,2016*).The situation of employeesat retail sector remains in a pathetic situation with low pay scale and over work load (*Menaka Roa,2015*).In most of the retail unit except those in the managerial category all other employees have no knowledge of workers participation in management, employee and employer relation, demand of salary, legislations which cover them, and so on. Unionization of employee in the retail sector is impracticable for them. In the malls of Coimbatore district young women are employed with a low salary, long hours of work and overburdened. There is no question of employee engagement, training and development or adequate labour welfare measures. On daily basis labourers are recruited as there is always a change in labour turnover. In most of the cases, the employees working in the retail sector are from lower economic backgrounds, which is another beneficial factor for the organization to get the expected work done without any disagreement or hindrance. The situation of employees working in unorganized retail units is even worse than those employed in organized retail units.

**Information Technology:** Information Technology (IT) is a flourishing domain and has displayed tremendous growth in expansion and employment due to globalization and liberalized government policies. The IT employees work on a target basis to produce services efficiently, but are in constant stress to complete the task on time. They are highly paid but they suffer from severe health issues and psychological stress as well as depression due to overstrain. The consequential health issues are diabetes, heart problem, insomnia, sexual dysfunction, hypertension and such others (*Padma and et al., 2015*). There is always an imbalance between the demand and supply of employees as there is a shortage of qualified employee in the job. This is because of so many reasons like lack of qualified employees, fluency in English, lack of skills and depraved quality of education. But every year IT sector absorbs computer science, engineering and diploma graduates for low level employment.

**Communication:** The telecommunication industry has also experienced a massive development as because every Indian, educated or illiterate, uses the telephone and internet. The industry is suffering from exorbitant debt of Rs. 8 lakhs crore and hence the industry might go for downsizing of 1,50,000 workers (*Economic Times, October, 2017*). Centre for Monitoring Indian Economy (CMIE) reported that telecommunication industry had lost 1.5 million jobs in 2017. The conflict of price hostilities between telecommunication industries proved favourable to the customers. The growing tension on sustaining the market made the companies either laid off or merge with another industry. Such problems have become a serious issue to the telecom employees either directly or indirectly. Further, the companies have started to downsize those who do sales, data entry operators and customer care executive as a cost cutting measure. In general, those who occupy managerial position are given comfortable offices, but the customer service representatives are bound needed to work in shifts and sometimes work overtime (*Dhruv Murkerjee, 2017*).

**Educational Institution:** Both schools and colleges are considered as educational institutions. Here a significant role is played by teachers. Like other business education has also become a great business in India. Once when it's commercialized, the teachers are treated as an employee of an organization. The teachers working in self-financing institutions work excessively with a low salary, job insecurity, lack of job satisfaction and sometimes work overtime. They are assigned more administrative work rather than teaching which could be the major cause for the decline of quality in teaching. Management prefers teachers with low qualification and experience for the sake of providing low salaries and this might be because of the low quality of teachers. The mushroom growth of schools and colleges in India has created new employment opportunities, but the quality enhancement in education and teachers working condition is alone considered by the management. The non-teaching, clerical and administrative employees' situation is more pathetic than the teaching staff.

**Real Estate:** Real estate is a booming sector, which is expected to grow at 30 per cent in the next decade. Sale of houses and demand for office space in urban and semi urban areas is increasing. Complementary to this growth, the construction field is also booming and it is ranked as a major sector among various sectors (*Cushman and Wakefield, 2018*). The market size of real estate in India is expected to grow to about 180 billion by 2020 (*Indian Brand Equity Foundation*). Like other service industries, real estate includes engineers, marketing and sales executive, clerical workers, data entry & front office executives, finance, construction labours and so on. This field has diversification of employment opportunities. The employee situation in real estate differs according to the organization. In the case of well known or larger organizations, the employees are paid enough, but in smaller organizations the employees are paid based on the sales. Hence the marketing plays a very important role. Fluctuation in sales is the market trend of real estate which ultimately affects the growth of the employee's working conditions, pay and so on.

#### **CONCLUSION:**

As the service sector is termed as a significant contributor to our national growth, enhancing the productivity of the employee is simultaneously essential. The working atmosphere in the service sector pervades with a lack of job satisfaction and job motivation and therefore may lead to higher attrition. When the organization does not concentrate on providing quality of work life, it ultimately results in lower productivity, imbalance of work and life and job stress. Unorganized employee needs to be organized to escalate the national growth.

#### **REFERENCE:**

Ambaradar, Ankush; SINGH, Amrik. Quality of Work Life Practices in Indian Hotel Industry. *International Journal of Hospitality and Tourism Systems*, [S.l.], p. 22-33, jun. 2017. ISSN 0974-6250. Available at: <<http://www.i-scholar.in/index.php/ijhts/article/view/154306>>. Date accessed: 18 Dec. 2020.

Babu, G., Detels, R., & Mahapatra, T. (2013). Job stress and hypertension in younger software professionals in India. *Indian Journal of Occupational and Environmental Medicine*, 17(3), 101. doi:10.4103/0019-5278.130848

Becker's Hospital Review. (2011). [Www.Beckershospitalreview.com](http://www.beckershospitalreview.com). Retrieved December 18, 2020, from <https://www.beckershospitalreview.com/hospital-review/mayjune-2011-issue-of-beckers-hospital-review.html>

Bosworth, B and A Maertens (2010), "The Role of the Service Sector in Economic Growth and Employment in South Asia", in Ejaz Ghani (ed.) *Service Revolution in South-Asia*, World Bank and Oxford University Press.

Business Opportunities in India: Investment Ideas, Industry Research, Reports | IBEF. (2019). [Ibef.org](http://www.ibef.org/). <http://www.ibef.org/>

Dean G. (2021, September 26). An NYC restaurant owner raised staff wages to \$25 an hour. She's

had no trouble recruiting - but still doesn't think she pays employees enough. Business Insider. <https://www.businessinsider.in/retail/news/an-nyc-restaurant-owner-raised-staff-wages-to-25-an-hour-shes-had-no-trouble-recruiting-but-still-doesnt-think-she-pays-employees-enough-/articleshow/86526769.cms>

Dixit, N. (2017). Impact of Occupational Stress on women in Telecom industry. *International Journal of Environmental Science Development & Monitoring*, 7(1), 1–6. [http://www.ripublication.com/ijesdm17/ijesdmv7n1\\_01.pdf](http://www.ripublication.com/ijesdm17/ijesdmv7n1_01.pdf)

Dieleman M., Harnmeijer W., (2006). Improving health worker performance: in search of promising practices. WHO | World Health Organization. [https://www.who.int/hrh/resources/improving\\_hw\\_performance.pdf](https://www.who.int/hrh/resources/improving_hw_performance.pdf)

Chanda, Rupa. 2002. *Globalization of Services: India's Opportunities and Constraints*. New Delhi: Oxford University Press.

Cushman & Wakefield Plc 2018 Annual Report 10-K. SEC Report. Retrieved December 18, 2020, from <https://sec.report/Document/0001628369-19-000006/>

Essays, UK. (2015, March 23). Challenges facing HRM in service sector. Retrieved from <https://www.ukessays.com/essays/management/challenges-facing-hrm-in-service-sector-management-essay.php?vref=1>

Essays, U. K. (2015, March 23). Job Satisfaction And Quality Of Work Life Psychology Essay. Retrieved from <https://www.ukessays.com/essays/psychology/job-satisfaction-and-quality-of-work-life-psychology-essay.php?cref=1>

IANS. (2021). India retail sector to add 25 million new jobs by 2030: Report. Business News, Finance News, India News, BSE/NSE News, Stock Markets News, Sensex NIFTY, Latest Breaking News Headlines. [https://www.business-standard.com/article/economy-policy/india-retail-sector-to-add-25-million-new-jobs-by-2030-report-121030800888\\_1.html](https://www.business-standard.com/article/economy-policy/india-retail-sector-to-add-25-million-new-jobs-by-2030-report-121030800888_1.html)

Kashyap, G. (2014). Challenges faced by the Hotel Industry: a review of Indian Scenario. *IOSR Journal of Business and Management*, 16(9), 69–73. <https://doi.org/10.9790/487x-16916973>

Korczynski, M. (2002). *Human resource management in service work*. Basingstoke: Palgrave.

Kenessey, Z. (1987). The Primary, Secondary, Tertiary And Quaternary Sectors of The Economy. *Review of Income and Wealth*, 33(4), 359-385. doi:10.1111/j.1475-4991.1987.tb00680.x

Kshirsagar, So. (2018). Work-Life Balance of Women Employees in Service sector: A Pilot Study. *International Journal of Advanced Research in Computer Science and Software Engineering*. 8. 1. 10.23956/ijarcsse.v8i1.481.

Ministry of Finance. (2007). *Strategy for India's Services Sector: Broad Contours* (Working paper 1).

Mohan M. (2016, April 12). Retail – The sunrise sector for employment opportunities. *ETRetail.com*. <https://retail.economicstimes.indiatimes.com/news/industry/retail-the-sunrise-sector-for-employment-opportunities/51791661>

Mukherjee, A. (2013, June). *The Service Sector in India*. Retrieved from TY - JOUR

Reports | Ministry of Finance | GoI. (2007). *Www.Finmin.Nic.In*. Retrieved December 18, 2020, from [https://www.finmin.nic.in/archive\\_documents](https://www.finmin.nic.in/archive_documents)

Read @Kearney: A mix of new consumers and old traditions. (2019). *Global Management Consulting Firm - Kearney*. <https://www.kenarney.com/global-retail-development-index>

Roa M., (2015). Behind the glittering facade, India's retail workers face poor pay, poorer prospects. *The Wire*. <https://thewire.in/economy/behind-the-glittering-facade-indias-retail-workers-face-poor-pay-poorer-prospects>

Padma, V., Anand, N., Gurukul, S. M., Javid, S. M., Prasad, A., & Arun, S. (2015). Health problems and stress in Information Technology and Business Process Outsourcing employees. *Journal of Pharmacy and Bioallied Sciences*, 7(5), 9. doi:10.4103/0975-7406.155764

Suresh Babu P.V.& Balakrishna.S (2017), IMPACT OF STRESS ON IT PROFESSIONALS IN INFORMATION TECHNOLOGY INDUSTRY- A SELECT STUDY, *International Journal of Human Resource & Industrial Research*, ISSN: 2349 –3593 (online), ISSN: 2349 –4816 (print), Vol.4,(Issue2, Feb-2017), pp 32-41, DOI URL: <http://doi.org/10.5281/zenodo.802742>

The Economic Times of India. (2015, June 19). Why employees in India are stressed at workplaces. Retrieved from <https://economictimes.indiatimes.com/magazines/panache/why-employees-in-india-are-stressed-at-workplaces/articleshow/47655329.cms>

The Economic Times. (2016, October 19). Dissatisfaction with job on rise; 80% looking for job change: Survey. Retrieved from <https://economictimes.indiatimes.com/jobs/dissatisfaction-with-job-on-rise-80-looking-for-job-change-survey/articleshow/>

MF World Economic Outlook (WEO) - Growth Resuming, Dangers Remain, April 2012 -- Table of Contents. (n.d.). [Www.Imf.org](http://www.imf.org). Retrieved December 18, 2020, from <https://www.imf.org/external/pubs/ft/weo/2012/01/#:~:text=The%20April%202012%20edition%20of%20the%20World%2>

Rajeswari.H& Sreelekha, & Prakasam, Prathima & Golda, Merlin. (2017). Quality of Work Life among Nurses in a Tertiary Care Hospital. 10.19080/JOJNHC.2017.05.555667

UNION BUDGET & ECONOMIC SURVEY. (n.d.). [Www.Indiabudget.Gov.In](http://www.Indiabudget.Gov.In). Retrieved December 18, 2020, from <https://www.indiabudget.gov.in/budget2012-2013/budget.asp>