# Managing people tomorrow

A recent study of CEOs and HR professionals throws up surprising results about the changing priorities in this field

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Today the human resources (HR) function is acknowledged to play a critical role in the success or failure of an organisation. The expectations are that HR will be vitally involved in doing all that it takes to provide the right skills, knowledge and attitude at the right place at the right time. To do this, many HR managers are balancing a scorecard that has goals for talent re-

tention and management, organisational culture management, training for managerial growth, HR capital management and so on.

A survey of 57 CEO's and HR professionals by the author in May 2006 led to the ranking of these HR challenges in order of importance and criticality to meeting the demands beyond tomorrow. It revealed that the most important challenge for business was creating a high-perform-
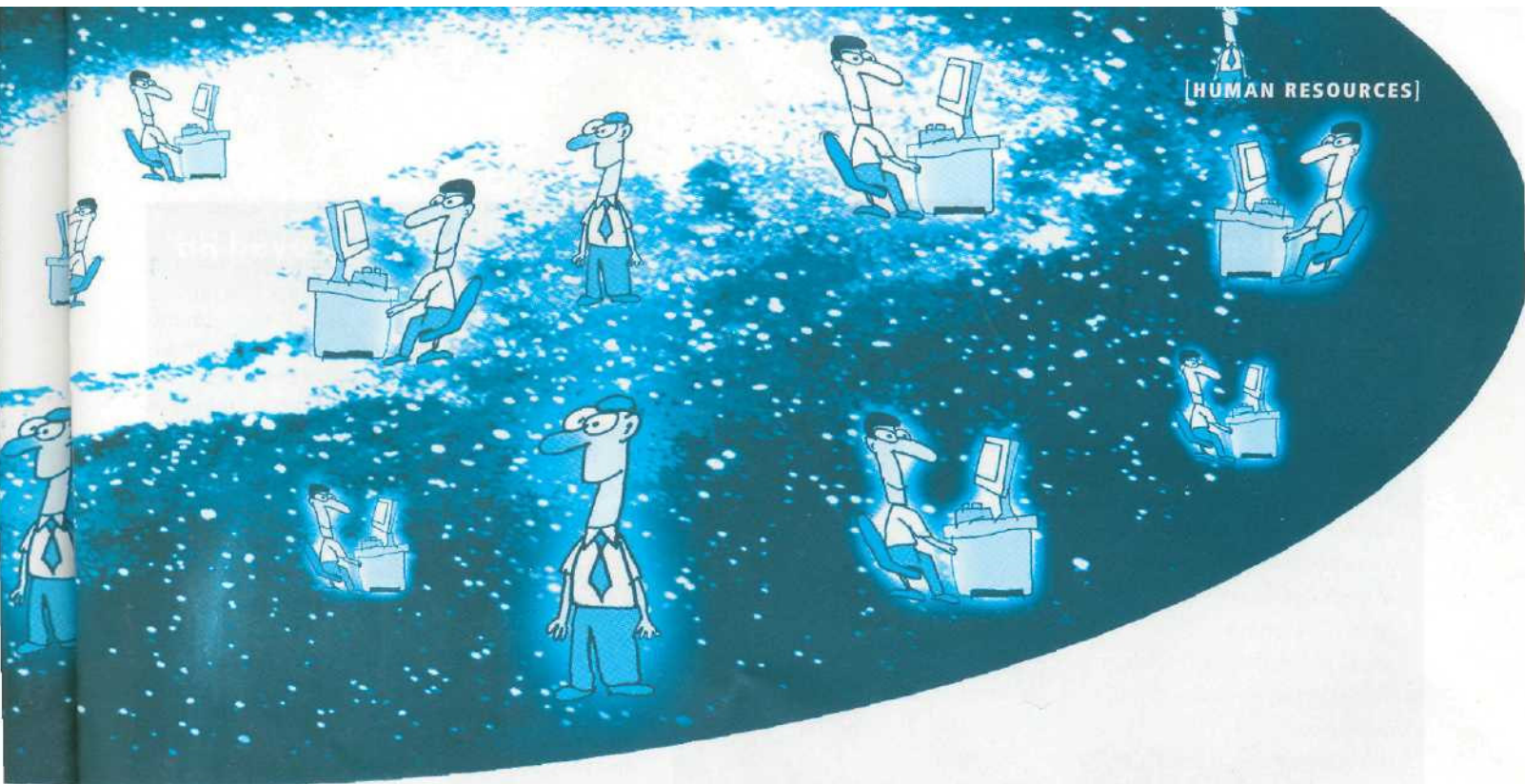
Illustration: ANIRBAN BORA

ing culture (47 per cent of top ranks), followed by talent retention (28 per cent of top rank) and recruiting in today's context (22 per cent of top rank). The least importance was given to human capital practices (10 per cent of bottom rank) and HR systems implementation (28 per cent of bottom rank). Surprisingly, a significant 22 per cent of the respondents gave the lowest rank to going global. Some more insights for companies in India and Asia are in the table.

Let us now discuss some of the issues arising out of this in the context of HR practices today, tomorrow and beyond tomorrow.

Creating a high-performing culture

Typically, Indian organisations have a long history of high job security, with much of the workforce in the government and public sector and enjoying life-long employment. The more ambitious youth today are aggressive and move across organisations; sometimes staying too short a period to make a real contribution. Added to this was an inheritance of bureaucracy and hierarchical organisations. With a basically feudalistic mindset and paternalistic styles of leadership, over-focus on labour welfare, an abundance of available manpower, high focus on creation of jobs and dominant effects of work restriction by militant labour unions in the 1960's to late 1980's, conditions were set for productivity and performance to suffer. Indian organisations came

to be heavy and unwieldy. Since 1990's, Manmohan Singh (then Finance Minister) paved the way for liberalisation of economic policies. Foreign competition on Indian soil gave rise to leaner and more productive organisations which had the advantage of leapfrogging technology and cultural barriers. The first response to the liberalisation policies was to streamline operations and trim the excess manpower, giving rise to a wave of early retirement options for a vast segment of the workforce. Today, many organisations have recovered from the residues of the initial response to liberalisation, and having transformed themselves into lean and efficient work systems, the challenge of creating a high performance work culture seems to take prime importance. Building organisations that sustain themselves and look at long term strategy for surviving and thriving is the top agenda for managers today.

Talent retention

As the economy grows and demand for goods and services expands, there is a resonant echo in the demand for skills and competencies that help deliver those goods and services. In some sectors like IT and ITES, which constitute a large chunk

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HR challenges survey - India

Rank order of importance (n=57)

HR challenge	Rank in order of importance	% of top response (#1) rank	% of bottom response (#10) rank
Creating a high performing culture	1	47	3
Talent retention	2	28	0
Recruiting in today's context	3	22	0
Managing mindsets	4	6	8
Training for growth	5	6	0
Compensating knowledge workers	6	3	8
Building interpersonal relationships	7	6	14
Going global	8	6	22
HR systems implementation	9	6	28
Human capital practices	10	0	17

The role of business leaders in talent management is evolving as organisations grow to large proportions. Business leaders should ensure that talent development is a core corporate process and not just the domain of the HR department. Managers at every level are accountable for attracting and retaining manpower to keep the wheels of business running. Every employee should be given equal opportunities to fulfill his/her potential and contribute in a value added way. Management potential needs to be to be drawn from within the company and grown. Creating a talent pipeline with proper succession planning and employee deployment is also a crucial source of manpower.

Recruiting in today's context

Though we have seen high employee turnover levels in most industries, the converse is also true and we have a dearth of competencies needed to sustain and grow businesses. The growing breed of recruitment consultants operating in India is testimony to the fact that where there is grass, the nomads will travel. A huge vacuum in manpower requirements exists in most companies. Attracting and recruiting the right mix is a high priority agenda for HR practitioners in India. Many are creating blueprints for a recruitment strategy that optimises sourcing of manpower, creation of the 'right' employment image and compensation practices that promise the pot of gold at the end of the rainbow to those who join.

The estimate is that almost 50 per cent of candidates recruited by corporates are mismatched to their job requirements. Effective recruitment strategies are needed to ensure targeted sourcing of candidates, proper assessment procedures that truly measure competencies needed for the job, and an effective assimilation and induction process. The role of manpower forecasting to predict organisational requirements is vital, as many companies now have strategic tie-ups with educational establishments to offer student assistance and placement opportunities to candidates to fulfil their needs. A case in point is Pantaloon Retail (renamed the Future Group) , which has sponsored a Post Graduate Diploma in Business Design at a Mumbai business school with the promise that each year it will absorb 30 students in their ever-expanding retail business. It also works closely with the B-school to assure quality of student intake and curriculum inputs. This works as a mutual win-win situation for organisations who have assured supply of trained managers and for educational establishments that take the opportunity of innovative programme design.

of our export earnings, the employee turnover rate is officially quoted by NASSCOM in the range of 60-70 per cent. People leave for various reasons including better compensation, higher growth opportunities, change of career track; but these are only symptoms of a larger inability of the young workforce to be able to drop anchor and belong in a system. It is also a reflection of how companies are unable to create a conducive work environment for employees' membership of work systems and collectives. For some, stemming the outflow of competent and efficient people would ensure the stability that is so badly needed today.

Managers at every level are accountable for attracting and retaining manpower to keep the wheels of business running

Indian companies need to build strategy to manage talent globally. Key decisions in the process will need to be taken on:
- What work do we do where?
- Centralisation/decentralisation of decision making
- Staffing of leadership positions
- Should we look internally or at external markets for talent?
- Staffing of leadership positions
- Developing global leaders
- Developing talent for the future
- Creating a global mindset in senior management

HR beyond today

Talent retention

Compensating knowledge workers

Going global

Recruiting in today's context

Building interpersonal relationships

HR beyond today

Creating high performing culture

Managing mindsets

Training for growth

HR systems implementation

Human capital practices

Managing mindsets

Teamwork is an individual skill that can be learned. People need to look at organisational needs above those of individuals. Cynicism needs to be combated on a war footing and positive organisational membership needs to be reinforced.

Many Indian organisations have a feudalistic mindset that believes in a top-down approach, paternalistic leadership, hierarchical functioning, one-way communication and respect for age and seniority. This needs to move in the opposite direction and make way for a more bottom-up approach, team leadership, 360 degrees approach to communication, equalisation across organisational levels of hierarchy, age and seniority.

Training for growth

The role of training and development in meeting business challenges of tomorrow is next after creating high performing organizations, talent retention and recruitment. The respondents felt the pressures of global competition to build capability within the organisation. Investment in training will enable the organisation to create talent pools of critical skills within the organisation. Business linked training needs, development of training content that will deliver skills and competencies, assessment and audit of training effectiveness, are areas of delivery for HR managers. Had it not been for the immediacy and urgency of the challenge of retention and recruitment, this area would have in all probability have had a higher importance in the ranking of HR challenges.

Compensating knowledge workers

Indian compensation standards are lower than global medians on take-home pay, and companies have major variances on perquisites and benefits as compared to their global counterparts. Within the country also, meeting the ever-rising expectations of employees is the challenge. It is evident from the kind of salaries being reportedly offered to business school graduates this year, that Indian corporates will have to rise to the challenge of global competition for local talent, and compensation plays an important part of this situation.

> **Indian corporates will have to rise to the challenge of global competition for local talent and compensation will play an important role**

Building inter-personal relationships

India is still an insular country. Diversity management, resolving conflicts, building organisational partnerships and establishing win-win partnerships do not find high priority among Indian managers. Softer issues seem to take a back seat on the agenda for HR for the future.

Going global

The pressures of a globalising India are not really being experienced as a challenge as yet by Indian corporates. This is surprising given the context of today's business when an increasing number of Indian companies are exploring ways and means of going global. They are seeking partnerships in the form of mergers, acquisitions, joint ventures, strategic alliances with foreign partners, expanding the scope of operations by getting into related products or services, entering niche markets with a high degree of specialisation, searching for new markets in countries hitherto unexplored, creating global supply chains and seeking infusion of foreign direct investment. The growth opportunities presented in this context will require a greater deal of strategic inputs from the HR department to ensure the right person in the right place is available.

> **Building organisational win-win partnerships do not find high priority among Indian managers today**

The Indian corporate sector needs to wake up to the immediacy of this challenge and enable the building of globally competitive practices that will realise the dreams of companies to create sustained competitive advantage in an increasingly global context.

HR systems implementation

While many organisations are investing heavily in implementation of technology-based HR solutions, the respondents of this survey felt that there is not much priority that needs to be placed on this matter. Institutionalising frameworks and policies in the right spirit seems more to be the order of the day, rather than implementing complex systems integrated with ERP packages. The feedback from CEOs and HR professionals seems to be that there should be more success stories in the implementation of simple systems for performance management rather than focus on complex HR management processes.

Human capital practices

The nuts and bolts of manpower efficiency is the lowest priority. Perhaps, past historical encounters with attempts at job evaluation and industrial engineering have shaped this response of our survey participants to assign the lowest priority to human capital practices. In economically surging times like the one we are seeing today, the focus is increasingly on driving business results through creating performance-oriented cultures and talent management, and issues like reduction of wastages and excess manpower tend to take a backseat.

Endpoint

The human resources function today seems to be engaged in a delivery mode that places immediate emphasis on high levels of performance from existing employees and managing of crises arising out of non-availability of manpower in the form of talent retention and recruiting. People who do not move with the changing demands of the situation pose an additional challenge to HR where the old mindsets need to be aligned to the new. Traditional institution-building perspectives that place emphasis on a value-driven approach and build organisation culture and networks of interpersonal relationships that enrich and evoke contribution and membership of organisational systems, seem to take a lesser priority. Perhaps the time has come for HR professionals to another at some of their priorities and refocus themselves on matters that are more important. ∎

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