HR Beyond Tomorrow

Paper presented at

{ EMBED MSPhotoEd.3 }

Colombo
Sri Lanka

June 28-29, 2006

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Today the Human Resources function is acknowledged to play a critical role in the success or failure of an organization. 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 retention and management, organizational culture management, training for managerial growth, HR capital management and so on.

The model below gives a set of issues that are going to determine the challenges that HR will face beyond today and tomorrow.

HR Beyond Tomorrow

{ SHAPE * MERGEFORMAT } **HR Beyond Tomorrow**

A survey of 57 CEO's and HR professionals by the author (May, 2006), a ranking of these HR Challenges in order of importance and criticality to meeting the demands beyond tomorrow revealed that the singlemost important challenge for business was Creating A High Performing Culture (47% of top ranks), followed by Talent Retention (28% of top rank) and Recruiting in Today's Context (22% of top rank). The least importance was given to Human Capital Practices (10% of bottom rank) and HR Systems Implementation (28 % of bottom rank). Surprisingly, a significant 22% of the respondents gave the lowest rank to Going Global. Some more insights for companies in India and Asia are in the table given below.

HR Challenges Survey – India, May 2006			
Rank Order of Importance (n=57)			
	HR Challenge	Rank in order of importance	% of top response (#1) rank	% of bottom response (#10) rank
1	Creating A High Performing Culture	1	47	3
2	Talent Retention	2	28	0
3	Recruiting in Today's Context	3	22	0

4	Managing Mindsets	4	6	8
5	Training for Growth	5	6	0
6	Compensating Knowledge Workers	6	3	8
7	Building Interpersonal Relationships	7	6	14
8	Going Global	8	6	22
9	HR Systems Implementation	9	6	28
10	Human Capital Practices	10	0	17

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-Performance Culture (Rank # 1, 47% top response)
Typically Indian organizations have a long history of high job security with much of the workforce in the government and public sector and life-long employment. The more ambitious youth today are aggressive and move across organizations (sometimes staying too short to make a real contribution). Added to this was an inheritance of bureaucracy and tall hierarchical organizations. With a basically feudalistic mindset and paternalistic styles of leadership over-focus on labour welfare, and an abundance of available manpower, high focus on creation of jobs, dominant effects of work restriction by militant labour unions in the 1960's to late 1980's, the conditions were set for productivity and performance to suffer. Indian organizations came to be heavy and unwieldy. Since 1990's Manmohan Singh (then Finance Minister) paved the way for liberalization of economic policy. Foreign competition on Indian soil gave rise to leaner and more productive organizations which had the advantage of leapfrogging technology and cultural barriers. The first response to the liberalization policies was to streamline operations and trim the excess manpower, giving rise to a wave of early retirement options for a vast workforce. Today, many organizations have recovered from the residues of the initial response to liberalization, 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 organizations that sustain themselves and look at long term strategy for surviving and thriving is the top agenda for Managers today and tomorrow.

Talent Retention (Rank #2, 28% top response)
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 constitutes a large chunk of our export earnings in India, the employee turnover rate is officially quoted by NASSCOM in the range of 60-70 %. 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 set anchor and belong in a system. It is also a reflection on how companies are unable to create 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.

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?
- Centralization/decentralization 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 future
- defining talent
- measuring talent
- Creating a global mindset in senior management

Factors to consider in making of these decisions will have a tremendous impact on talent sourcing, identification and development for the region.

Some of the strategies to be deployed in the process of managing human capital in organizations are:
- Create an outstanding brand image to attract talent
- Deploy Innovative practices in Resourcing
- Expand your reach to track and source skills
  - Local Market
  - International Market
  - Recruit from Campuses
  - Develop Strategies to extract the best from the resources
  - Develop skills through training
  - Provide challenging career options
  - Extract high level of performance

Role of Business Leaders in Talent Management is evolving as organizations grow to large proportions. Business leaders should ensure that talent development is a core and central corporate process and not only 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 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 (Rank #3, 22% top response)
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 business. 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 high priority agenda for HR practitioners in India. Many are creating blueprints for a recruitment strategy that optimizes 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% of candidates recruited by corporated are mismatched to the 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 will be needed. The role of manpower forecasting to predict organizational requirements is vital, as many companies now have strategic tie-ups with educational establishments to offer student assistance and placement opportunities to candidates to fulfill their needs. A case in point is Pantaloon Retail, which has sponsored a Post Graduate Diploma in Business Design at a Mumbai Business school with the promise that each year they will absorb 30 students in their ever expanding retail business. They also work closely with the B-school to assure quality of student intake and curriculum inputs. This works as a mutual win-win situation for organizations who have assured supply of trained managers and for educational establishments that take the opportunity of innovative programme design.

Managing Mindsets (Rank #4)
It's all in the mind! Problems can become opportunities, enemies can become business partners, competition can push us to higher performance…its all a matter of how you look at it. Positive optimism can be learned. Negativity can be miminised, teams can be larger than individuals, are some of the attempts at managing mindsets for a productive, constructive employee that contributes to organizational value creation. Teamwork is an individual skill that can be learned. People need to look at organizational needs above individual needs and to first deserve, then desire. Cynicism needs to be combated on a war footing and positive organizational membership needs to be reinforced.

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

Training for Growth (Rank # 5)
Role of training and development in meeting business challenges of tomorrow is next after creating high performing organizations, talent retention, recruitment. Respondents feel the pressures of global competition to build capability within the organization. Investment in training will enable the organization to create talent pools of critical skills within the organization. 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 the HR Managers of tomorrow. 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 (Rank #6)

Indian compensation standard benchmark lower than global medians on take home pays, and companies have major variances on perquisites and benefits as compared to their global counterparts. Within the country also, meeting the ever-rising e
xpectations 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.

Building Interpersonal Relationships (Rank #7, 14% of Bottom response)
India is still an insular country. Diversity management, resolving conflicts, building organizational partnerships, establishing win-win, does not find high priority with Indian managers. Softer issues seem to take a back seat on the agenda for HR for the future.

Going Global (Rank #8, 22% of bottom response)
The pressures of globalizing India are not really experienced as a challenge. 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 high degree of specialization; searching for new markets in countries hitherto unexplored; global supply chaining; seeking infusion of foreign direct investment. The growth opportunities presented by this context will require a great deal of strategic inputs from the Human Resources function to ensure the right person in the right place is made available.

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

HR Systems Implementation (Rank #9, 28% bottom response)
While many organizations are investing heavily in implementation of technology based HR solutions, the respondents of this survey felt that there is not much priority that can be placed on this matter. Institutionalizing frameworks and policies in the right spirit seems to be more the order of the day, rather than implementing of complex systems integrated with ERP packages etc. In dialogues with CEO's and HR Professionals, there seem to be more success stories in implementation of simple systems for performance management, HR information management, etc, rather than complex HR management processes of today.

Human Capital Practices (Rank # 10, 17% of bottom response)
Nuts and bolts of manpower efficiency is the lowest priority. Perhaps past historical encounters with attempts at Job Evaluation and Industrial Engineering and productivity measurements etc., have shaped this response of our survey participants to assign lowest priority to Human Capital Practices. In economically surging times like we are seeing today, focus is on driving business results through creating performance oriented cultures

and talent management, and issues like reduction of wastages and excess manpower tend to take the back seat.

HR Today, Tomorrow and Beyond Tomorrow

Human Resources function today seems to be engaged in a delivery mode that place immediate emphasis on high levels performance from existing employees and managing of crises arising out of non-availability of manpower as in 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 organization 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 relook at some of the priorities that the urgency and immediacy of the current context seem to be imposing and to refocus themselves on the matters that are more important and will create enduring organizational membership within the collective and ensure that the company emerges as a responsible member of society and a sensible inhabitant of the planet.