



# Emerging HR trends and its implications – 2008

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# A slice of SME and challenging times

1. Shrinking Exports due to the global slowdown
2. Slowdown in the auto sector could impact SME's in the sector
3. Slow down in the Real Estate and its impact on Cement
4. Liquidity crunch and higher interest costs on borrowings fuelled by Basel 2 guidelines which requires Bank Loans to be rated or increase in the reserves
5. Challenge of sustainability amidst global chaos which does not seem to be just for a few quarters.
6. Human Resource Management in these difficult times.
7. Battling the weak business sentiments to think strategically.

# Indian HR helicopter view.

- HR teams function in service oriented organizations as an integral part of the business while some old economy HR functions are still in the administrative mode.
- Growth of Outsourcing services has given rise to a globally aware, smart and agile workforce which aspires to be on par with the world's best. Organizations cannot afford to lag behind in creating an enabling environment.
- Average age of the country's work force is 26.5 years. HR challenge is therefore to continuously educate, reskill and train to ensure relevance and provide growth opportunities
- Emerging markets test key talent pool under trying constraints – this makes them top class, agile and adaptable global champions and leaders.
- Process of managing Mergers and Acquisitions in the Indian context (a relationship driven work culture) is slower and needs to be handled with a lot of empathy and understanding in an archaic labour law framework.
- Some key HR performance metrics in the subcontinent follow a different paradigm – e.g. headcount Vs cost management, fixed term contract Vs an open term contract, Overstaffed Vs developing bench and growth capability.



# The orientation of HR service providers

## No uniform way of HR functioning in industry in India today.

- Strategy - HR perception by top management varies – Ground zero involvement Vs Only logistics involvement
- Learning and Growth - Institution building Vs. Transaction processing
- Image - Silo image -Hard HR, Soft HR and Administrative HR Vs a combination
- Orientation - Process oriented HR Vs People driven HR Vs Business driven HR.
- Evaluation – Metric and qualitative measurement Vs solely a perception based measurement
- HR People – Employee champion and administrators Vs a combination of champion, administrator, strategic support, counsellor and change facilitator.
- Expertise Perception – Ranges from an Internal service provider to an expert service which can be used on client mandates.

# Key Messages

- The HR world has changed and is probably changing further faster than any other function in the organizations
- Two views of HR emerging- HR has become a multi dimensional function and is seen as a critical enabler of business or HR is totally bypassed by business and is seen more as a team handling routine.
- Good HR professionals are in short supply and need to be retained just as good talent in the rest of the organization
- SME's may look at collaborating with each other to have a small professional HR team.
- HR's effectiveness is based on the organization's perception and not what HR unilaterally feels.



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# Overview of the emerging trends

1. **HR people and organization structure**
2. **HR policies, processes and systems**
3. **HR metrics , quality focus and strategic management**
4. **Talent attraction**
5. **Talent Development and continuous learning**
6. **Voice of employee - Employee Engagement**
7. **Stronger employee and alumni connect**
8. **Performance Management**
9. **Understanding Attrition**
10. **Compensation**
11. **HR as the facilitator and consultant - Culture and change**
12. **Administration**
13. **Innovation and Centres of Excellence**
14. **Risk Management**
15. **Building inclusion and compassion**
16. **War against Stress**
17. **HR Globalization**

# HR people and organization structure

- HR people come from diverse disciplines – finance, economics, statistics, marketing, operations, social work...
- Roles are a blend of specialization and generalization
- Organizations have moved to role based structures and process based roles
- Designations indicate the role
- Age of superfluous designations is fading out

# HR policies, processes and systems

- HR policies are restricted to essential few.
- Self Help mode for policies and processes with handholding and help lifelines
- Process mastery ,process discipline and service orientation is critical for HR
- HR technology must align with the culture of the organization



# HR metrics , quality focus and strategic management

- HR dashboards are critical for top management decision making and focus
- Relentless quality focus has made HR talk the quality language – Lean and Six Sigma, Business excellence models etc.
- HR forecast essential for long term business planning
- Strategic business decisions are taken only after complete evaluation of impact on people
- All HR actions need to emanate from business strategy

# Talent attraction

- Absence of relentless focus on forecasting, process management, strategic change (bench strength Vs recruit for current need) and poor execution by HR has forced talent attraction out of HR into business
- HR's lack of business knowledge has not helped the cause
- Good HR teams have deputed HR persons into business.
- Talent attraction is a key business enabler like finance and raw materials and requires leadership attention
- Continuous innovation in terms of create / outsource, incubation models, employer branding and In connect programmes the order of the day

# Talent Development and continuous learning



- Moving from training man-day and programme focus to holistic management of the talent pipeline
- Incubate custom bred talent for critical high volume roles
- The definition of talent management now covers the entire organization and for MNC's globally
- Toolkits for various development initiatives bring in an added focus
- Succession planning processes, global mentoring initiatives and diversity in talent pools are becoming the norm
- Benchmarking is second only to learning from seemingly unconnected domains
- Knowledge sharing processes and focused information sharing becoming more critical.

# Voice of employee - Employee Engagement



- Critical to measure annually
- Prioritize , execute and measure effectiveness on top 3 priorities from the employee perspective
- Employee communication across levels a key area where organizations are tuned into today

# Stronger Employee and Alumni connect



- Essential for HR to walk the floors and have a stronger employee connect
- HR needs to know of issues before they happen to alert business leaders
- HR's deep knowledge of people to comment on strategic issues impacting people.
- Alumni are viewed as a huge resource base and need strategic attention

# Performance Management

- Process mastery and culture alignment is key for a meritocracy
- Performance and Potential assessment have become separate processes
- HR technology to enable the process and manage timelines
- Every single process in the organization needs to interface with the performance management process

# Understanding Attrition

- Overall attrition is meaningless without the drill down
- Sleight of hand attrition calculation leads to loss of credibility
- Segment employees and measure attrition and impact accordingly
- Retention strategies are also segmented
- MIS from market used to understand retention better
- Poor retention is also a reflection of leadership skill of supervisor
- Understanding why people stay even more critical than why people go

# Compensation

- Cash remains king
- Compensation strategies need to cater to the multiple objectives of guaranteed, specific incentives, performance related pay, benefits and key employee retention
- Sharp differentiation the norm
- Role based compensation – flexible and overlapping bands in the hierarchy
- Compensation Flexibility to attract valuable talent
- Compensation committee to evaluate recommendations
- Compensation survey brief critical to survey validity
- Global compensation at senior levels has minimal differentiation.
- Strategic advantage is the compensation of the bulk
- Re-engineering talent pools diversify compensation escalation risks



# HR as the facilitator and consultant – Culture and change

- Few credible HR leaders are at the highest levels in terms of change strategies in organizations
- They are part of acquisition / sale strategies and confidential due diligence projects
- Some of them play a dual role in business as well
- Best in class HR leaders are considered as friend, philosopher and guides, not power blocks.
- Best in class HR champions are confidential advisors to key employees are highly trusted by large section of employees and senior management
- Ensure that communication to employees on critical issues facing the organization and enlist their support.

# Administration

- Administration is now a domain distinct from HR
- Professional experts and not generalists populate the function – hospitality professionals, project management experts, safety and security experts, facilities experts, cost accountants, fleet management and travel experts and quality experts integrated with help desks are the trend
- Administration professionals take critical create or outsource decisions
- Work closely with business on growth / shrink plans
- Manage huge budgets and multiple services
- Directly make an impact on organization.

# Innovation and Centres of Excellence

- Clearly a focus for organizations to remain competitive in the medium and long term
- Need a focus to look at the future and possibilities thereof – short, medium and long term
- HR emerging as critical player in setting up innovation centres of excellence
- Support initiatives through enabling cross functional teams and projects
- Enabling a culture conducive to innovation and creativity

# Risk Management

- HR professionals need to understand Clause 49 based risk management processes
- Devise appropriate internal control mechanisms to list, evaluate, monitor and manage critical risks
- HR to develop an annual dashboard of critical processes that it proposes to manage, related strategic actions taken and their impact

# Building inclusion and compassion

- Focused / diversified CSR now embedded in organizations
- The involvement of employees in the initiatives more critical than pure financial allocations
- Measurement of success as any other process
- Key employee engagement factor is whether employees feel the power of one and do they collaborate.

# War against Stress

- Holistic Stress Management emerging as a key area of focus for organization's leadership
- Efforts need to be beyond gimmicks and sustainable (not one off)
- HR leaders help businesses draw up specific strategies and tools to manage stress
- Stress management needs to be looked as a critical issue across all levels in the organization.

# HR Globalization

- HR talent global exposure and collaborative working on global projects
- HR vocabulary and inter cultural skills need to be developed further
- HR leadership to become influential in the global organization, not just restricted to specific region
- HR to showcase and share achievements globally
- HR expertise available to offer solutions to global organizational issues
- HR fully aware of global strategies and imperatives



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