

Shaping HR for a Win-Win Value Proposition

A little back it was “Personnel”, now, it’s “Human Resources”. But even after the name change, the HR department is still not always seen as contributing to overall business success. Company executives routinely give their HR department’s lower ratings than the human resource people give themselves. 'Transformation into the best' has become a catch in the industry. The best selling *Who Moved My Cheese* on accepting change, there are a lot of sources which introduce and offer self-help and management techniques to encourage personal and organizational transformation. In terms of HR, transformation is concept of restructuring flow charts, diversity programs, and team-building exercises. In reality, organizations are filled with old cultural norms that are as elastic as rubber, which make new and innovative ideas difficult to embrace.

Transformation is like oil on water, can live comfortably on the surface of an organization resistant to penetrating the fiber and makeup of the culture. Transformation is a major undertaking that comes at a high price. But when it is implemented, the rewards surpass the painstaking effort. Prior to transforming a culture, it is important to understand what 'culture' and 'organization' are.

Return on Investment delivered by the HR department focuses largely on the people hired. Even many HR professionals themselves seem focused on their administrative tasks—hiring, payroll and benefits—rather than the business benefits HR can deliver. However, a few trailblazing HR divisions are changing their roles to reshape the face of human resources. These HR groups are re-branding themselves, and creating a stronger emphasis on business acumen and coaching, helping to align employees and executives alike around new business strategies.

The Growing challenges for Human Resources

A lot have been already been written on this which can be referred through our previous write-ups on “**IS ATTRITION AND RETENTION BOGGING YOU?**” in **Business Manager**, October 2006 and “**TWENTY RETENTION TOOLS FOR CURBING ATTRITION**” in **Business Manager** and **NHRD Newsletter** May 2007. Here is a brief on factors:

- **High level of attrition:** While India does have a large talent pool (annually 167,000 engineering students and 1.54 million graduates pass out of the country’s educational institutions), not all are ‘industry-ready’ or equipped with the necessary skill sets to become useful to the companies. This means that while there is plenty of supply at the entry level, there are huge gaps in the middle management and senior management levels. This has resulted in increased levels of poaching and attrition cases. Presently, the average attrition rate faced by manufacturing industry is somewhere around 30-35 percent.
- **Mismatch of expectations:** Expectations mismatch leads to higher attrition. Moon is shown to candidates during joining. This is partly due to the perceptions created in the general public with respect to the career growth, type of work, compensations offered, competition, etc. Many a times, people are not able to create a work-life balance and often opt out.
- **Communication issue:** Lack of effective communication is another contentious issue. The absence of regular, two-way communication between employees, their immediate team managers and the senior management is a common complaint and one of the reasons for high attrition rates.

A new HR model with specific roles has been developed by us at Sona.

Mapping Training Objectives to Business Results

The training objectives should be linked to performance goals and then to company business results. Managers identify candidates for training. Candidates understand what they need to get out of training,

and how they will apply learning back on the job. After training, managers and trainees make sure that trainees drive ROI by achieving meaningful, measurable business outcomes. Having managers focus their employee on what they need to learn and how they'll use it to reach goals when they return, organization can drive a return on investment. If you expend resources on a learning event, it would be irresponsible not to provide objectives and required outcomes in advance.”

A typical employee development plan aims

- To give employees access to the tools and knowledge to enable them to do their jobs efficiently and facilitate continuous performance improvement.
- To continually strive to support our mission and the strategic plan efforts by determining methods of enhancing staff capacity by building the knowledge, skills and abilities of individuals and of the organization as a whole.
- To address our workforce planning initiatives by assessing the capacity of the current workforce, analyzing future workforce needs and identifying the gaps between what exists today and the agency needs of tomorrow and developing and implementing a plan to close those gaps.

Training and development is achieved in a variety of formats, including but not limited to, traditional training sessions; self study materials; computer hands on training; use of reference materials, manuals, etc; contract vendor training; on line help; bag lunches and other informational sessions; speakers at staff meetings; team building exercises; elearning packages; coursework through educational institutions; work shadowing; mobility assignments; cross training; state offered training classes; and professional organization conferences and seminars. Learning also occurs in the performance management process during feedback sessions, evaluations, and development planning exercises.

Recruitment and retention are important to today's employers

From the HR professionals with whom we spoke, recruitment and retention are extremely important issues. One statistic, according to The Harvard Business Review, states that reducing employee turnover rates by just 5% lowers operational costs by 10% and improves worker productivity by a significant 65%. Employers are constantly looking at ways to retain their valued employees. Compensation and benefit packages, end-of-year bonuses, workplace conditions, and training and development are all important factors.

Concern about employee satisfaction

In many organizations, employee morale is sagging, and it's no wonder. Recent surveys indicate that only 25 percent of workers feel a strong connection to their employer; many of the rest are simply biding their time, waiting for the job market to improve. That's why smart HR managers are putting new emphasis on raising employee morale and promoting career development. They recognize that employees who feel valued and engaged represent an enormous competitive advantage.

Innovation and productivity

Successful firms are constantly seeking ways to improve efficiency and effectiveness while, at the same time, foster innovation and creative problem solving. Increasingly, HR managers are supporting these initiatives by helping to create a corporate culture that values learning. For example, a company's performance management and rewards system needs to align with corporate strategies and priorities. Also, strategically minded HR managers continuously emphasize the importance of employee development, giving staff members the opportunity to acquire new skills and learn about practices that have worked in other workplaces, such as Six Sigma quality principles, lean practices, global supply-chain logistics, data mining, and team-based problem-solving.

Benefits compensation is a major issue for employers and employees

Employee benefits compensation is a major issue for both employers and employees. Skyrocketing insurance costs are making it more and more difficult for employers to offer their employees a competitive

benefits plan. Retirement is also extremely important to employees. People want to know that they'll have a nest egg when they retire. A competitive benefits plan is one of the biggest "perks" employees value and look for in their job, and is an important recruitment tool.

Flexibility in Workforce

The rapid pace of mergers and acquisitions, a global economy, and technology will all continue to have a profound impact on the workforce. More and more companies are outsourcing, driving the demand for consultants, project workers, and in general a more flexible and agile workforce. People are telecommuting and working remote, away from a company's physical headquarters. Flexibility among both employers and employees allows organizations to thrive in times of intense competitive, changing markets, customers, products, delivery systems, and services.

HR managers are focused on leadership and succession planning

Experienced HR managers know that the key to attracting and retaining talented employees is the quality of leadership. The old saying that, "People don't leave companies, they leave people" is true. That's why in so many companies, large and small, there's an ongoing commitment to identifying and developing leadership talent among their staff.

Wrapping up

Within this pressured environment of organisations, there is a need for (and opportunity for) the Human Resource function to play a critical role in helping organisations navigate through these transitions. In order to play this role, however, HR has to enjoy a real and perceived value that's appreciated by managers and workers alike. The role of Human Resources has been evolving for some time. The shift from "personnel" to "human resources," for example, was part of the movement to acknowledge the value of employees as an organisational resource, and was an attempt to remove some of the stigma that was associated with slow, bureaucratic personnel departments. This shift in label was accompanied by a call for HR to become a strategic partner with the leaders of the business - to contribute to significant business decisions, advice on critical transitions, and develop the value of the employees. Interestingly, the trend of companies outsourcing Human Resource functions continues to gain steam. There is talk that by 2008 outsourced HR departments will be common.

The mere fact that outsourcing is an option is prompting some people to reassess traditional HR job functions. And, in itself, that's not a bad thing. After all, being an HR professional is no longer exclusively about handling payroll issues, negotiating contracts and benefits or training supervisors and executives. It's more about sitting next to the chief executive, making recommendations about what functions to outsource, developing long-term recruitment and retention strategies and finding ways to save the company money.

HR professionals today need to understand what the products and services are, who the customers are and who the competitors are. It's essential for the HR professional to get out of the office and be involved in making things happen in the business.

The Future: *Apply for being the BEST*

1. "Business-Today Best Company to Work for" in July.
2. "DMA- Erehwon Award for Innovative HR Initiatives" in August.
3. "GrowTalent the Great Place to Work for" in August.
4. "Hewitt Best Workplace Study" in September.

Author's Profile



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