



HR 2020 – Will HR be a bottleneck or a facilitator?

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As we come towards the end of the first decade of the twenty first century, there is much debate about what is in store for us in the next decade. For those of us who deal with people (who doesn't?) it is particularly interesting to debate on the future of HR. HR means different things to different people. For some, it is a function called Human Resource. For others, it is another name for people – we are all human resources. Yet for others, it is the way humans are managed so that they become effective “resources”. In this article, I would like to focus on both, the function called Human Resource, as well as, the way people are managed in Organizations. By now you would have already read a number of books and articles on the future of HR. What can one more article add to the vast body of knowledge and wisdom that already exist?

As I pondered over this question, I was reminded of Abraham Lincoln's saying, “The best way to predict your future is to create it!” Which are the organizations that are well placed to predict what people at workplaces will be like in future? While the answer to this question is not so simple, I took the easy way out. I sought my answers from some of the companies who are amongst the best employers today. They are the masters in creating great workplaces, and their employees endorse them as some of the best employers. How would they predict the future? In order to understand how the future is going to be different, I tried to compare the future with the present. This article, therefore, is relevant only for the “creamy layer” in the organized sector in India.

Needs of talent today:

When I asked some of the best workplaces what talented employees wanted from employers, top on their list were –

1. **Compensation and esteem needs** – Compensation comes high up in most employee surveys as one of the most important needs of employees. Even in the best workplaces, fair pay & fair share of profits are key drivers of employee perceptions about the attractiveness of their Organization. While many of the best workplaces score poorly in this dimension, often by design, it does not diminish the role of compensation as a key need of people who work. Money is often linked to esteem needs of people since it fuels “upward mobility” in society. Joining a brand name like Google is another way of meeting one's esteem needs. When I asked a Google employee why he joined Google he gave a telling reply, “I wanted to see if I could get in!”
2. **Opportunity to grow professionally, exposure & self- development** - Joining a CSC, Intel, Adobe, Marico, RMSI or a Google is like enrolling in a university. Learning and professional development are a core part of their employee value proposition. Which university offers 9100 separate courses? It is Intel University, Intel's worldwide training organization!

3. **Accelerated career growth** – HSBC in India is more than 150 years old. In 2007 it appointed as HR Head one of the youngest HR professionals to hold this position in the banking industry in India. Today, being a CEO at 24 does not make the kind of headlines it used to make earlier. Young professionals love the challenge that comes with accelerated career growth. Many of the best workplaces have “career managers” to help young people manage these challenges as they pursue an accelerated career growth.
4. **Instant Recognition** – Organizations like Wipro have a budget for recognition available to each supervisor. Qualcomm has a recognition site on the intranet – as a resource centre for managers.

Needs of talent in 2020:

What will be the most important needs of talented employees a decade from now? While the above will continue to be important, another set of needs may become much more important. Prominent among these are:

1. **Autonomy & Freedom** - A peek into the future is visible in organizations like Marriott and Google today. Both are magnets for young employees. Both have an extremely high degree of freedom and empowerment. And both have open and transparent communication processes to share information required by employees to exercise their freedom.
2. **Higher flexibility and work- life balance** – Employees are increasingly going to differentiate between selling their skills and selling their life. Contracts will be based on deliverables and not on time spent. Developed economies like US have more than 22 per cent of their work force in the form of “free agents”- people who are not on the rolls of a company. Even traditional forms of employment will change. IBM, for example, has more than 50 work-life balance programmes and a significant section of employees who work from home.
3. **Customised career paths** – Infosys has recently devised 24 career streams, most Organizations have 1 or 2! Why stop at 24? How about one for each employee? Seems impossible in a paradigm where structure follows strategy and people follow structure and roles. Yet in reality, the growth of each person is unique; why should his career growth not be unique?
4. **Transparency** - Mindtree has a rule called 95:95:95. In 2020 this rule will become 99:100:100 i.e. 99 per cent of the information will be available to 100 per cent of the people, 100 per cent of the time.
5. **Opportunity to make a difference globally** – For many people, work will move from being a source of living to providing meaning to life. The social impact of business will transcend national boundaries. Social networking using technology will override man made boundaries. A Google, for example, will not be able to justify to its own employees that censorship of its search results is not acceptable elsewhere, but acceptable in China.

Seeming Contradictions in needs of employees:

The coming decade will also see some key contradictions in employees' expectations from employers, as an increasing quality of life co-exists with heightened uncertainties in the economy.

Employees will want both

1. Entrepreneurship *and* Job security
2. Well defined roles *and* variety at work
3. Challenging work *and* work- life balance

How can Organizations meet such seemingly contradictory needs of employees?

Google offers amazing opportunities for entrepreneurship in the form of their 20 per cent projects – Google Foundation is willing to fund ideas that Google is not – for example, social entrepreneurship ideas. However, the best & the brightest in Google would still like their jobs to be protected during a recession. While roles and bands in Infosys are clearly defined across their 24 career streams, they recognize that attrition goes up if an employee continues to do the same job for 3 years or more. Yet, frequent changes in jobs, while promoting multi-skilling, prevents the employee, and by extension the organization, from acquiring depth. The career streams of Infosys are designed to help employees grow while acquiring depth. A “Fellow” in Adobe is recognized as a global expert not only in industry, but also by leading edge Institutes like MIT in US and IITs in India. Adobe has some of the best work-life policies to accompany challenging work, including a five week annual leave policy that is more generous than most organizations.

It is in the above context that the Human Resource function or HR as the way people are managed in Organizations must be assessed.

HR as a bottleneck:

A cross-section of CEOs and HR Heads of some of the best companies to work for in our database identified the following as the most reasons why HR might be a bottleneck in meeting the needs of employees in the future.

1. **One size fits all approach** – This is, by far, the most common refrain against HR, even by HR managers! Amazon or Google is able to track the unique needs of each customer, yet there are businesses where the HR policies for different businesses, say IT and ITES, are the same. Why are employees treated as one composite group, while each customer is acknowledged as unique? Can we still take pride in imposing “uniform policies for all”? “Show me the person and I will show you the policy” might just be the norm for the future! How do we customize our approach for each employee, and yet be a fair employer? Some companies are showing the way. RMSI, for example, has an intranet site for employees to apply for any policy exceptions by giving reasons. Decisions are taken within a specified time frame and posted on the same site. Employees know that HR policies are meant to attract & retain people and not do the opposite.

2. **Straight jacketed and inflexible career paths-** Traditional career paths (specialists, people managers, project managers etc) force people to keep trying to climb the corporate ladder since it is the only way to meet their financial and esteem needs. While this system produces some outstanding professionals, organizations have to pay a heavy price in the form of raising a large number of people to their “level of incompetence”. We all know of good performers who would have happily contributed for a long time, forced to leave an organization, upon being promoted to a job for which they were not ready. There are few organizations like FedEx which allows an employee to introspect by going to a special programme, “Is Management for me?” before promoting anyone to a managerial role. Most don’t because they have precious little to offer, apart from promotions, to meet the financial and esteem needs of employees.
3. **Yesterday’s assumptions about people** - There are managers who are still conditioned by yesteryear’s assumptions about people. They often forget that talented people now have far more choices than before. While the rest of Bharat still lives in a patriarchal society, the talent base for most people reading this article has changed. They can no longer expect blind submission to authority, denial of self-expression and sacrifice in the present for unnamed future rewards- all of which were taken for granted during a different “No vacancy” era of the past. The supply- demand equation in the market, and hence the balance of power between the employer and employee has changed, however, in many cases, our mindset has not. A typical example of this is the way we design our recruitment or leadership development process – based on the assumption that all we have to do is put a filtering process and a vast multitude of talent will surge through the filter to enable us to pick up the best.
4. **Lack of people skills in line managers** - This is too well known to need elaboration. This, perhaps, is the single biggest people challenge in all organizations. In the absence of unionization, it is often masked in many organizations. Attrition does not lead to the kind of management reaction that a strike does. A friend was narrating the story of his industrial unit where a “Go slow” by the workmen came to an end once the local MP gave his signal. “Why should my employees take commands from the local politician, and not their own supervisors who have been with them for twenty years?” The answer in this case was to clarify that the supervisors were not with the workmen for 20 years, just as the management team was not with the supervisors. Organizations like Infosys are now deliberately looking at people skills before promoting people. How will this be taken by employees used to being promoted regardless of their people skills, is yet to be seen. The HR function is in a Catch 22 situation – they spend all their energy in recruiting people, and the rest of the managers in driving them away!
5. **Manages people, not adequately focused on developing people** - Many organizations, including HR functions are responsible for this. HR is focused on HR processes, a large part of which is compliance driven. How about clubbing all HR processes as a separate support function, and putting development of people as a “core” HR function?
6. **High level of attrition in the HR function** - In my organization, we try to maintain a database of HR professionals. Till last year, the primary unit was the organization.

However, keeping this database updated was a herculean task, since many organizations kept losing their HR professionals regularly. This year, we are changing the primary unit to the individual. We will track the individual and keep the organization as the secondary field which will need to be changed at regular intervals. I have rarely come across an HR head that has words of praise for his predecessor.” You should have seen the state of affairs when I joined...,” is a common refrain. Three years later, the next person who takes the role says the same thing! There are few organizations which have been able to retain their HR heads, and have enabled them to be successful, over a long period of time. The Aditya Birla Group is one such example.

7. **HR does not report metrics important to business** – Agilent has 35 headcount reports with business wise cuts. The HR function has to play a consulting role with around 25 meetings with business heads every quarter, exploring ways to help them align people and business. This requires an understanding of business. HR is sometimes, unfairly, accused of being “Event Managers”. The notion of HR as a bottleneck is reinforced if they do not report metrics important to business, and do not coach business managers on aligning people and business.
8. **Not enough crystal gazing** – Momentous changes are currently on, changes that will redefine workplace relationships and the way we look at employers. You have to go no further than the Business Today issue of 7th February. The magazine came out with a list of Best Companies to Work without a single company officially participating! Yet they rated 1000 companies! The trick was an online survey taken by 8742 respondents, an arithmetic average of 8.7 employees per Company! While you can debate the methodology, it is increasingly clear that your employer brand, much like your corporate brand, is not controlled by you. If you think you have significant control over your employer brand, please visit vault.com and glassdoor.com to find out what your employees are saying about you behind your back. Just as your employer brand is slipping out of your hands, so will your employees, as a significant majority in future, be happy to be “free agents” – who sell their expertise and are loyal to themselves.

What will be the expectations from employees in the coming decade and how can HR be a facilitator in the coming decade?

Expectations from employees in future:

Students of management institutes and young entrants to the employment market often wonder what it takes to join one of the Best Workplaces in the country. For the first time we asked this question to the best workplaces. Here is what the best workplaces are seeking today.

1. **Domain knowledge** – On the one hand, there is a feeling that industry continues to reward shallow performance in industries like IT and ITES, while on the other hand, there is continued dependence on the West for cutting edge scientific talent in industries like Bio-pharma. The Intel advertisement that says, “Our heroes are different from yours”

is a case in point of an organization communicating the need and celebrating super experts in domain.

2. **Professionalism** – This is hard to define, but the nearest is making and keeping commitments. I do not know of many management institutes that do this. Sadhna Institute in Pune, started by Professor Pillai, is one among the few that teaches self leadership and discipline.
3. **High ethical standards** – A KPMG Study in India estimates that up to a quarter of CVs floating around are fake, and one-third misrepresent facts. Published news reports, not too long back, talked about 30 placement agencies being blacklisted by Wipro for faking CVs to place people in that organization.
4. **Flexibility to cope with different business situations and adaptability** – The nature of products and services keep changing all the time. An employee may join the financial services to sell simple products like savings account, but may have to shift to insurance products due to changes in regulations. While insurance is more complicated and requires certification, very soon, the employee realizes that to grow she needs to build relationship management skills which is completely different from mastering product knowledge. Start ups and small businesses often complain that bright young employees from institutes, while being good at doing well defined tasks, are often not capable of looking at contingency planning and risk management, even simple tasks like ensuring that the security software in their PCs is updated.
5. **Result orientation and execution ability** – A quarter or three months is all that one person has today to prove his abilities. Any amount of “case study analysis” in class does not guarantee actual execution skills. Some MBAs might look at job requirements as the ability to motivate a team and delegate work. Very soon, one realizes that you have to get your hands dirty and deliver. A case in point is a young person I was planning to recruit. This person has very good experience in social networking. To test him I offered to double the salary he had agreed to join, on the condition that it will initially be a 6 month contract, after which he will be absorbed as a full time employee, subject to achieving the project deliverables. “My father would like me to take up a permanent job,” he replied while declining the offer little realizing that there are no “permanent jobs” any more in the private sector!

The above should not convey that young people entering the workforce do not have the above. On the contrary the best workplaces are good at attracting and recruiting people who demonstrate the above. So if you aim to join any one of the best workplaces (www.greatplacetowork.in) ask yourself if you have the above.

While the above are important today, in the next decade a few more expectations will gain prominence.

6. **Understand global business environment** - What POSCO, the mining and metals multinational has to learn about local conditions in Orissa, Vedanta, an Indian company in the same industry, is learning in Zambia. Ability to link dramatic increases in coking

coal prices in Australia with investing money in a new technology in US that enables production of pig iron with ordinary coal, all in a matter of weeks, will be a legitimate expectation. This also assumes that tomorrow's sought after employees will be adept at using technology to navigate the real and the virtual world.

7. **Partners in co-creating future businesses** – More organizations, particularly the best workplaces, will encourage employees to co-create new businesses. There will be many more examples like the Kaya Skin Clinic of Marico and Google products like gmail, all created by employee entrepreneurs.
8. **Creativity and Innovation** – Needless to say, the above would require employees with good skills in creativity and innovation. The nature of many industries e.g. telecom and semiconductors will change dramatically in the near term, so their employees will have adapt fast to changes.
9. **Maturity and emotional intelligence** – The new generation in the workforce is more knowledgeable, more savvy, and sharper in many ways from the preceding generations. This does not necessarily mean more maturity and emotional intelligence. Indeed, if you look at any of the popular programmes in television, you will be forgiven for jumping to the conclusion that the opposite is true! Put any two bright people in two internal customer-supplier departments and in many cases you will end up with a game of one-upmanship, as opposed to mutual collaboration, as both race against time to prove their competence and rise in the organization.
10. **Managing self** – While organizations have not put this as an expectation, this could perhaps be more important than any of the above points. There is enough evidence to suggest that self-management issues like physical and psychological health have increased and the cost to organizations is increasing. More importantly, society as a whole will pay a big price if people coming into the workforce are not aware about how to manage their physical, emotional, intellectual and spiritual health and balance.

How can HR function be a facilitator in the above context?

How can the HR function be a facilitator:

People in HR function, while having to meet all the above expectations from employees, have the task of playing a facilitator in the process of meeting the needs of the organization and its people. Expectations from HR function as a facilitator does not seem to have changed much, indicating that HR is still struggling to meet these expectations, or the current lot of CHROs and CEOs are focused on HR meeting current expectations. Chief among these expectations are:

1. **Understand business** – After all these years of Dave Ulrich and Wayne Brockbank the number one expectation remains the same! HR needs to understand business and changing business needs. This, in turn, will help HR anticipate talent needs better, and position the organization more effectively in the talent market.

2. **Align stakeholders around a shared purpose** – There is an unique opportunity for HR to oversee the meaning that the organization creates for different stakeholders by driving a shared purpose. Facilitators in the HR function, called *Sherpas*, take all new joiners through the “culture journey” at Hilti, the real estate equipment manufacturer.
3. **Facilitate change in mindsets** – HR can play an important role in facilitating a win-win relationship with associates and employees by aligning the business goals of the organization with the life goals of the employee (and not the other way round!)
4. **Obsessed about development and renewal of people** - This should be true not just about senior management talent, but should extend to developing talent at the bottom of the pyramid, and developing a strong and robust talent and leadership pipeline.
5. **Establish HR as a distinct profession by building appropriate competencies** - While the best workplaces recognize the role of the HR function, HR is still not perceived to be a distinct profession by many. But the marriage of technology, work and careers is set to make the HR function not just a business partner, but a business differentiator. For HR function to be taken seriously, HR has to impact business results and show linkages of HR initiatives with business results. However, increasingly, core skills in HR include understanding global HR (e.g. compensation trends globally, creating global talent pipelines etc.), as well as, deploying appropriate consulting skills within the organization. HR cannot do this unless all transactional aspects of HR are outsourced externally or internally.
6. **Attract and build a diverse workforce, including those who do not come to office** - HR has to not only promote diversity at workplace, but also be adept in using virtual collaboration tools. This calls for new ways to build values and culture in a virtual environment, using multiple channels of communication. One of the challenges for HR is how can employees who do not come to office bond with the organization?
7. **In doing the above, HR should not forget its fundamental role as employee champions!**

In conclusion, there seems to be good clarity about how needs of the organization and those of talent are going to change over the next decade. What is still not adequately clear is how HR function will transform its own role to meet these changing needs. This article will achieve its objective if it provokes some of us to reflect on the same.