

A practical perspective on HRM in India

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Disclaimer :

The contents of the material contained in this presentation are purely based on the personal experiences of the Presenter, gained through various practical experiences over the years in different organizational contexts, and is not a formal expression or representation of anyone organization in particular.

India

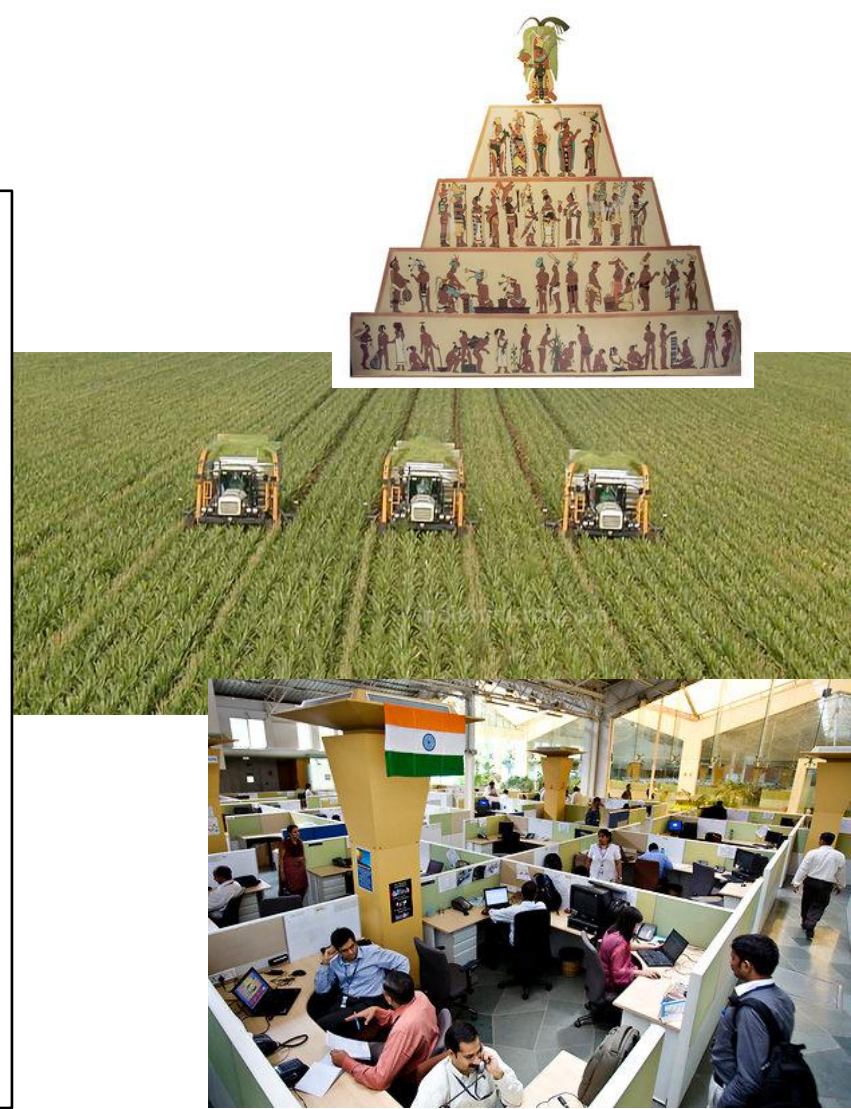
- 1,2 Billion People
- 3,3 Million Sq km
- 29 States, 7 Union Territories
- 22 Recognized Languages; the unofficial count is only 114 !
- 9 religious faiths
- GDP \$1.87 trillion
- GDP Per capita \$1,100
- Inflation rate 6.3%



India is a **"Sub-continent"** and not just a country. It is characterized by a land of diversity, differences, contradictions, inequalities and yet has stayed united as ONE nation, thus fitting the label **"Unity in Diversity"**

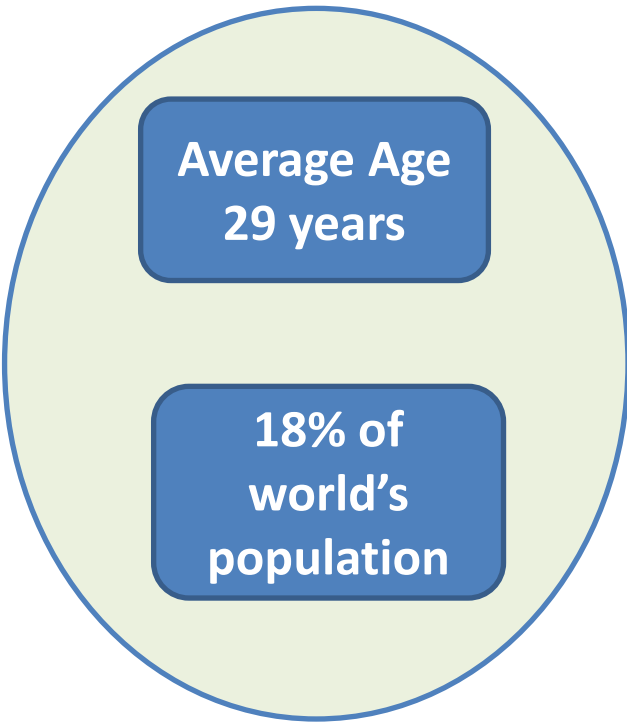
Emerging India ...

- The ancient Indian society has had a **social hierarchy, known as the 'caste system'** - i.e. Priests, Warriors/ Farmers/ Craftsmen/ Traders and Manual workers.
- This orientation has been dissolving and changing to a large extent over a period and has enabled a smooth transformation from being a mainly an **agrarian economy to a services led economy today.**
- But it still has a socio-political influence, especially in the rural and sub-urban regions of the country.



*A combination of the above makes most Indians to be what they are – **spiritual, tolerant, flexible, adaptable, manage ambiguities and uncertainties, believe in karma or destiny and acceptance of life, as it unfolds.***

The demographic dividend

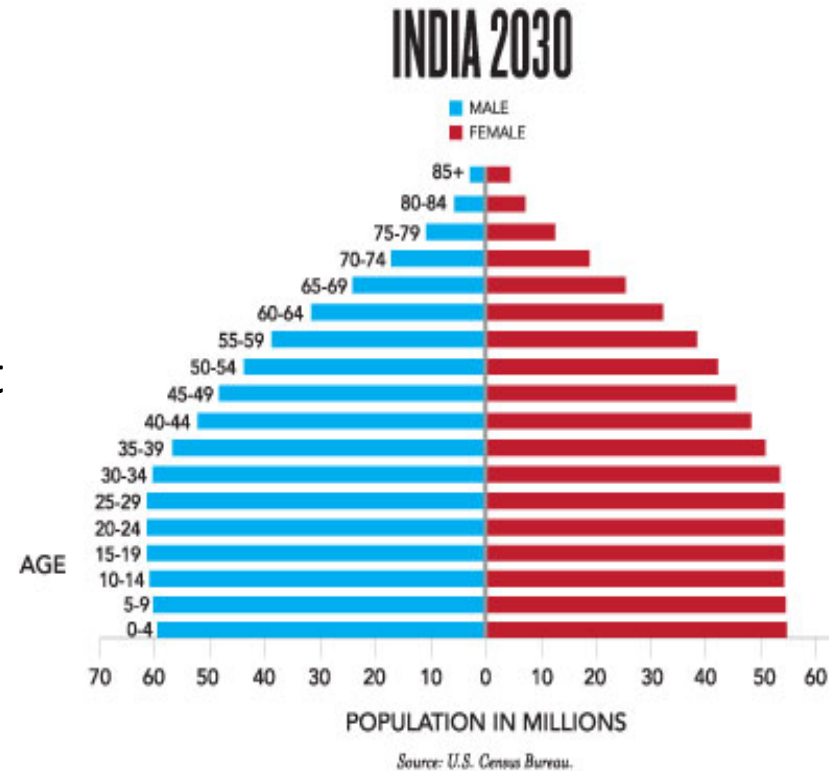


Some demographic facts –

- India is poised to become the world's youngest country by 2022, compared with an average age of 37 years in China and the US, and 45 years in Europe.
- It can potentially account for 28% of the world's workforce by 2022.
- By the year 2025, about 64% of India's population is expected to be in the age bracket of 15 to 59 years, and only 13% above 60 years.

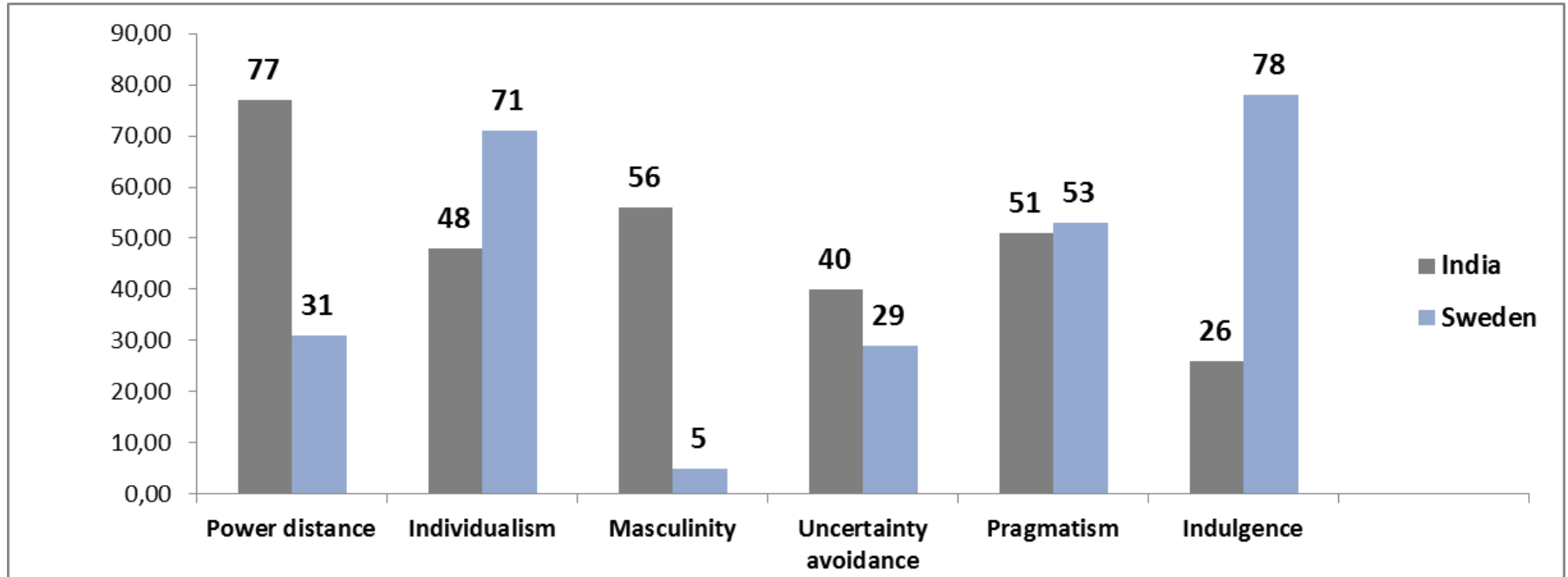
The demographic dividend

- The ensuing benefits of this demographic advantage will be seen over the next 25 years or so (i.e. ~ until 2040). This window of unique opportunity is being popularly termed in India as “**the Demographic Dividend**”. This would have a significant impact in the work place in the future and influence the HRM practices.
- Whether it would be a boon or bane, would much depend on how this young work force is equipped with the right education and skills for gainful employment.



Hofstede's model – Cultural dimensions

Comparison - India & Sweden



Source :Geert Hofstede dimensions

Key influencing factors

- **Family Influence** : Families in India are closely knit and have a strong influence on choices made by individuals :
 - Choice of study stream/school/college,
 - Choice of one's career/organization/house/car, etc.
 - Parents invited for career counselling, admissions, some even come for job fairs !
 - Choice of a life partner - arranged marriages,
 - Which company to start career with; some companies invite parents for the initial part of the orientation program of the new hires, decisions relating to joining or quitting an organization.



Key influencing factors

- **Societal influence** : The societal influence is another push/pull factor.
 - External title (an important social symbol that denotes an upwardly mobile professional) and internal title
 - Anecdote regarding a prospective groom with regard to his title ... Standing in the society, matter of social prestige for parents more than their son /daughter
- **Personal aspirations** : This is increasingly becoming a strong influencing factor.
 - Aspiration to move up the ladder in shorter time frames,
 - Become a Manager, manage large teams
 - Higher salary and benefits, leading to savings potential and financial stability
 - Affordability to own a house, car and other lifestyle related wishes (it would take several years for a young family to be able to afford it).



Talent Management



- Studies indicate that for Indian professionals, **Learning opportunities and career progression** are key drivers to attract and retain talent (are amongst the top 3 drivers in EVP), besides the **starting salary**
- Skewed situation of **Demand Vs. Supply for talented resources** – a talented candidate has multiple job offers in hand, will negotiate – salary, title, benefits, sign on bonus, etc.
- Has **implications from a Recruitment standpoint** (in terms of volume, quality and candidate experience). Hiring strictly on meritocracy but need to bear in mind to maintain a good balance of candidates (not too many from the same organization, speaking the same language, hailing from the same region)

Talent Management



- **Work culture and professional development opportunities** are key differentiators
- **Performance management calibration** is a common practice, especially in Tech companies.
- **International exposure / travel** – this continues to be a big pull factor
- **People Manager Vs. Individual Contributor roles** – aspiration to become a People Manager and faster if possible – seen as being the way to get higher salaries and benefits associated with it, manage large teams, ...

Talent Management



- **High Tech High Touch** - need for Managers and HR to show a **personal touch**, come across as being caring, extend help when needed,
- **High visibility of Employer** (as a legal entity) in the local industry and hence a greater need to present "one face" to employees and the external world, including statutory authorities. Need for a strong Joint company approach.
- The above also influences the need to focus on and develop an **unified** and **integrated work culture**, work practices and employer branding as a part of one legal entity.
- Recognition and visibility in local studies, surveys, professional fora, media, etc are important and make a **company to be seen as an attractive employer**.

Talent Management

- **Fishing Vs Farming** (lateral hiring & fresh grads hiring & developing them); Graduate engineer trainees, Management Trainees schemes – talent development in-house; Culture, cost being key drivers; Long standing practice.
- **Effective on-boarding and induction** is important as the experience is more widely shared (eg : Glass door) and discussed than what we think
- **Cultural assimilation** and Reinforcement of right behaviours is important
- Typical psyche : **Tell me What & Not How** – space and empowerment, direction where and when needed. But here is a paradox – Do not take the **shaking of the head** or an Yes for granted ! There is a need for clear direction, priorities to be made clear and followed up, for timely delivery.



Talent Management



- Focus on the key aspects of **Employment Value Proposition (EVP)**
- **Collegiate work atmosphere** – high need for affiliation and a sense of belonging; with the average age of the workforce becoming lower, this is more important than earlier.
- **Equal Opportunities** for both genders in professionally managed organizations - Equal remuneration for comparable education level competence and length of work experience.
- **Managers need and are expected to be technically competent** and also good in managing people so as to be respected.

Talent Management



- **Team get togethers** - celebrations, dinners, sports and family events are important, as they build on the affiliation / social need
- **Globalization and working in global teams** - Key characteristics seen :
 - Openness to change – When the "What" is communicated, individuals tend to focus quickly on the "How" and not so much "Why"
 - Flexibility and Adaptability – to a new model / way of working
 - Remote working / Matrix reporting – most Asian cultures, India included, tend to struggle a bit on this dimension, more below the middle management. This needs to be understood in its context – i.e. the social / family structure and the strong cultural influence.

Compensation & Benefits



- **Need for local salary grades where there are global bands**
- **Equity in salary / grade is important because**
 - Salary information is not kept confidential atleast up to lower middle management; Employment offer made to a candidate can become challenging to the Manager & HRBP, if not equitable; Share anecdote of a candidate ref. by an employee
- **Differentiation based on meritocracy is acceptable and expected but need to be fair and equitable**
 - look for reward based on competence and contribution.
 - Happy until he/she finds out what other colleagues have got ...
- **Employee benefits** : common practice for many benefits to cover immediate family members - spouse and children; in many instances dependant parents too.

Compensation & Benefits



- Due to the **Demand Vs Supply situation and high inflation**, competitive positioning based on market surveys is important – expectation to be paid at or above the market; If not, tend to job hop to get higher salary (practice commonly seen - to get a higher salary package than the annual merit increase in the same organization), subject to their level of engagement.
- **Market practice** – general practice to provide benefits such as canteen, transport, creche/day care assistance, gym / recreation facilities,

Labour Relations



- Blue collar workers are unionized while white collar employees are not,
- Labor law reforms long over due
- Collective bargaining and Union negotiations are conducted at the unit level and not with Federations at the country level
- Blue collar aspirations are rising and becoming higher
- Skills development is a key aspect here
- Companies can have Flexible workforce but need to provide fair wages and basic benefits,
- Need to manage the Flexible workforce in a professional way, else potential for negative consequences, eg : Suzuki factory, ...

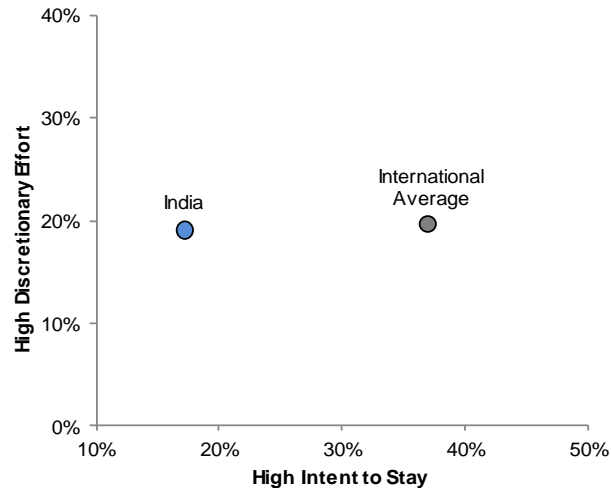
General

- **Lack of social welfare measures and amenities is a critical aspect to be aware of.** Hence a strong CSR focus is seen as the hall mark of a "Good" employer.
- **Complete lack of social security net :** This is a very important aspect to bear in mind, especially in times of a business down turn and need for right sizing. Critical need to provide fair severance packages for survival and sustainability.
- **Spirit of competitiveness** – this has grown out of necessities and the need to forge ahead in the society
 - drilled in right from primary school and at every academic / life stage
 - the need to do better than others to be a step ahead,
 - Demand Vs Supply – too many vying for fewer opportunities,
 - intense competition to get into premier colleges, examples of IITs, IIMs, Civil Services, Success factors.

WHAT SHOULD LEADERS IN INDIA KNOW TO BETTER MANAGE THEIR TEAMS?

Current State of Employee Engagement

Employees in India are about as likely as average to report high discretionary effort, but much less likely to report high intent to stay.



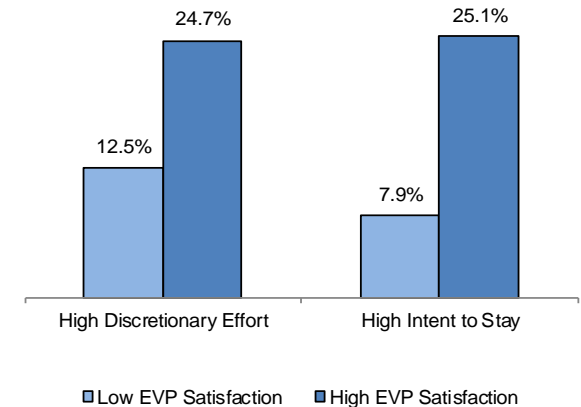
Satisfaction with the Employment Value Proposition

The 38 attributes of the employment value proposition fall into five categories. Employees in India are least likely to be satisfied with those related to rewards.



Impact of EVP Satisfaction on Employee Engagement

Employees in India who are satisfied with their EVP are about twice as likely to report high discretionary effort and about three times as likely to report high intent to stay.



Most Important EVP Drivers of Attraction

Not all aspects of the EVP are equally important. The attributes below are those most frequently selected by employees in India as reasons to join a new organization.

Rewards	Opportunity	Organization	People	Work
<ul style="list-style-type: none"> Compensation 	<ul style="list-style-type: none"> Stability Growth Rate Development Opportunity Future Career Opportunity 	<ul style="list-style-type: none"> Respect 		<ul style="list-style-type: none"> Location Recognition Innovative Work Work-Life Balance

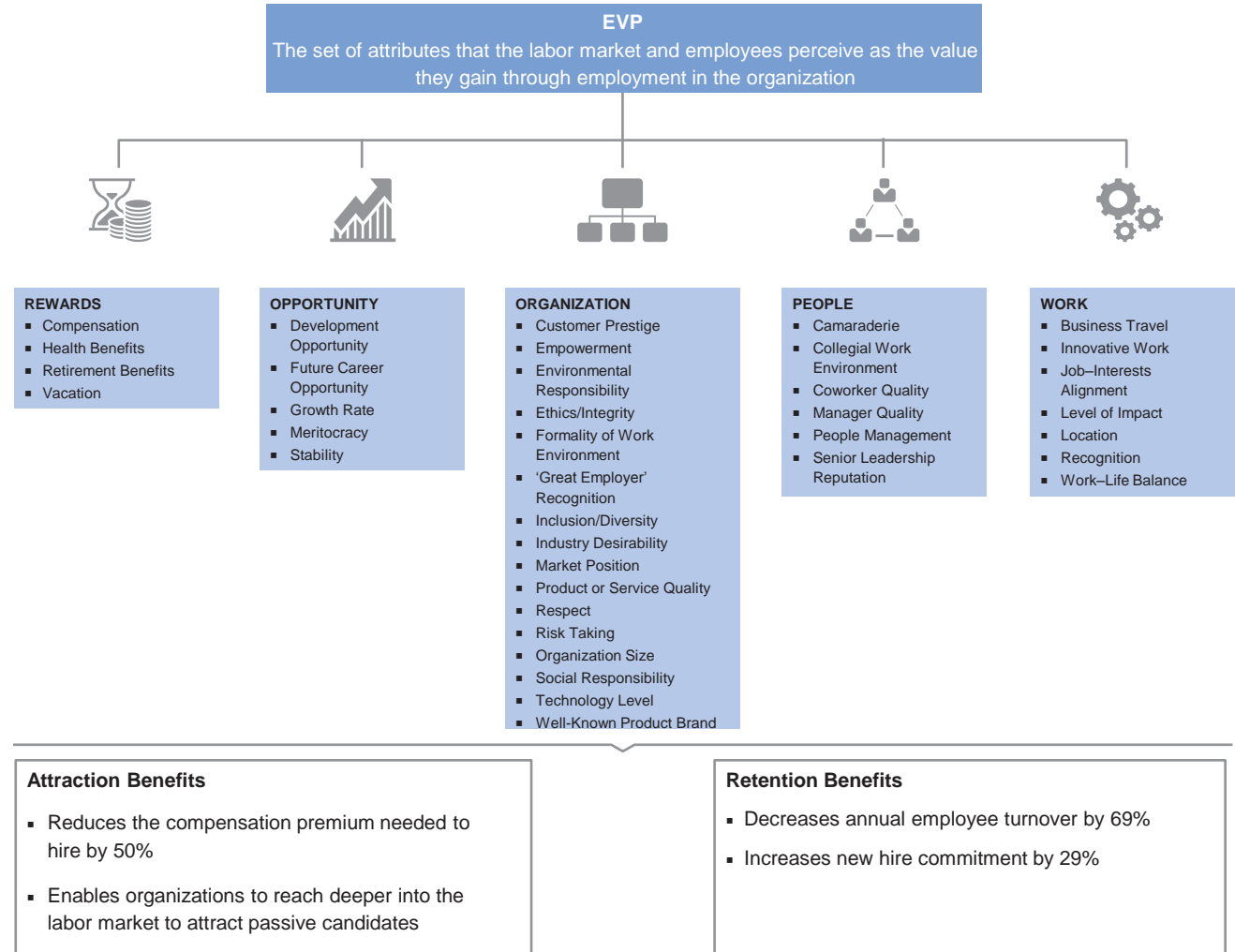


An effective employment value proposition (EVP) allows organizations to source more deeply within the labor market by attracting passive candidates.

- CEB's EVP model consists of 38 attributes validated to most significantly drive attraction and retention.
- When candidates in the labor market view an organization's EVP as attractive, they demand less of a compensation premium when deciding to join.
- Organizations with the most effective EVP delivery have employees who display lower levels of turnover than less-effective organizations.

WHY IS AN EVP IMPORTANT?

EVP Framework and Benefits of a Differentiated EVP



Source : Corporate Executive Board

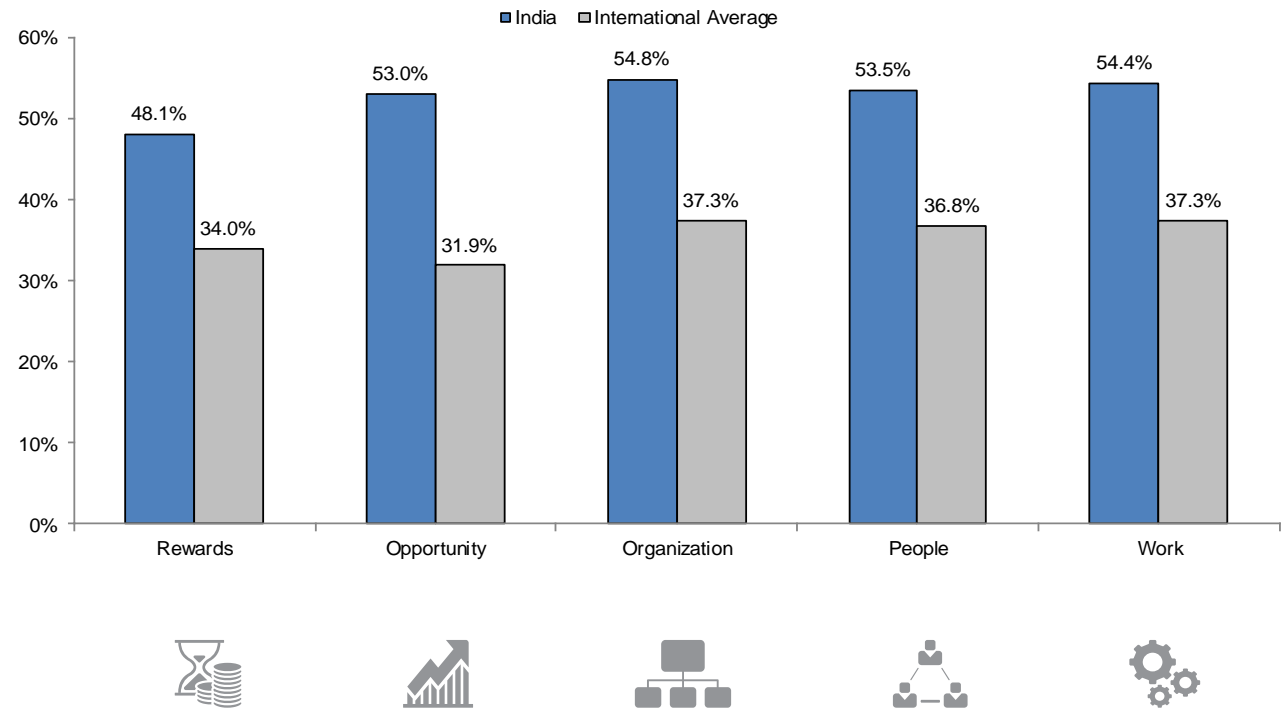


Satisfaction among employees in India is most above-average for EVP attributes related to opportunity and organization.



WHAT PORTION OF EMPLOYEES IN INDIA ARE SATISFIED WITH THE EVP CATEGORIES?

Percentage of Employees in India Satisfied with EVP Categories Overall
Global Employed Labor Force | Q1 2014



Source : Corporate Executive Board

Q1 2014 n: 17,971 all employees; 994 employees in India.
Source: CEB 2014 Global Labor Market Survey.



**Thank you for
your time**