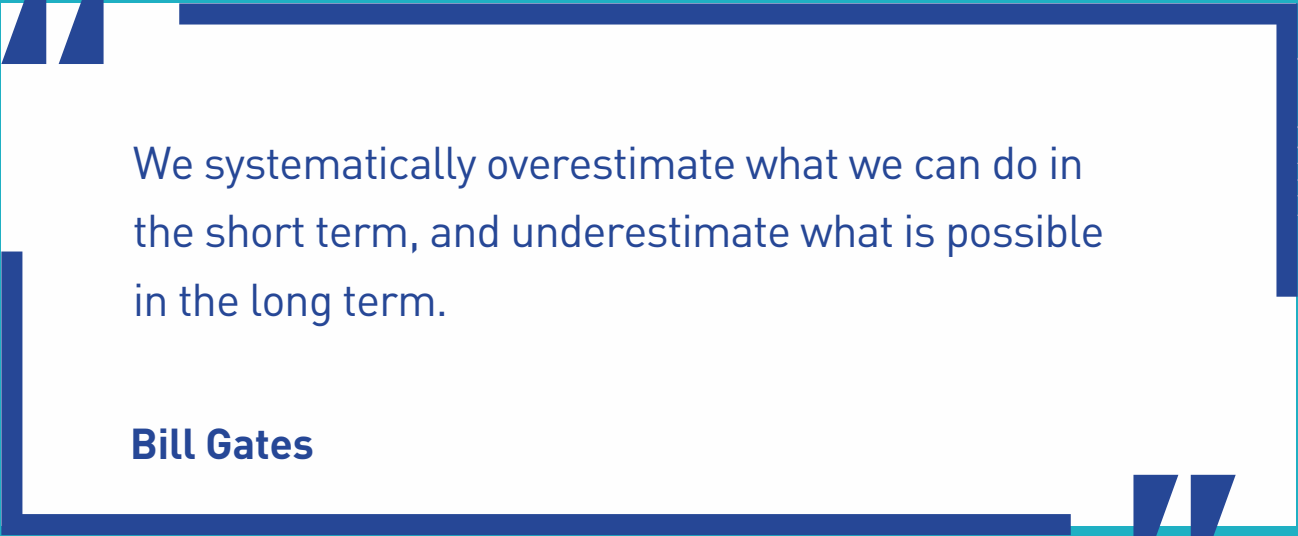




The HR Function in India in 2030 and The Future CHRO





We systematically overestimate what we can do in the short term, and underestimate what is possible in the long term.

Bill Gates



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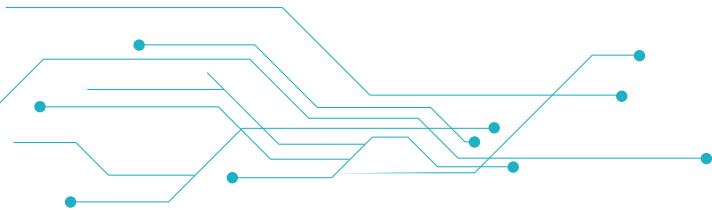


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Introduction

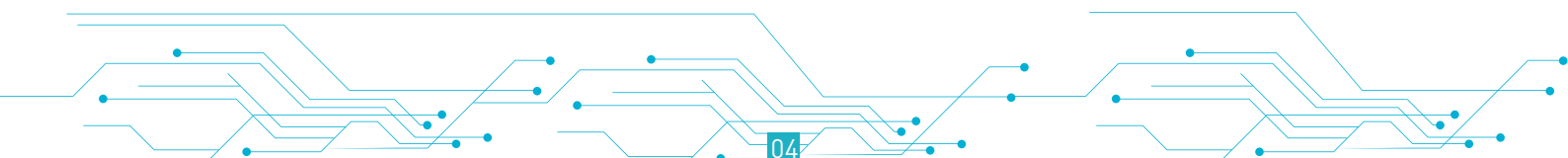
We all know the world around us is changing dramatically. These changes are across two key dimensions – technology and society, thus increasing the complexity of business. Technological changes on multiple fronts are enabling a host of new possibilities, changing business models and disrupting industries. At the same time, there are also big changes in society – in people’s attitudes and motivations, and some of these are also led by changing technology. While these are not sudden and very perceptible, over time they become significant. And at the heart of these changes are organisations and people – they create and lead this change just as they are impacted by it. The HR function thus is at this critical confluence of change, and would have to play a pivotal role in harnessing and driving change.

As we step into the 20s decade, this paper outlines the changes that would be relevant to organisations and employees in the Indian context, and the kind of HR actions that may be needed in the future. We also try to describe the CHRO of the future – the new HR function and the skills and behaviours needed to be a successful HR leader. This is intended to be a practical compass for organisations in India – to enable them to proactively chart the changes in this decade to be ahead of the game.



Methodology

In putting this paper together, we have relied on multiple sources. A group of CHROs brainstormed ideas and provided their inputs on priorities of the Human Resources function. A simple questionnaire based survey administered to a sample of CEOs and CHROs provided an objective perspective on future trends and expectations impacting the business scenario. We also relied on secondary research and publications. Discussions with a select group of CEOs and CHROs to test our hypothesis provided valuable feedback.





The Big Trends Around Us

Studies by the McKinsey Global Institute and World Economic Forum identify technology changes and the likely impact they would have. As we look at the impact of these technologies and what it means for us, we see five major trends that would be relevant for us in India:

Pervasiveness of Artificial Intelligence (AI) and Automation

Automation will have a big impact on organisations, as many routine jobs could possibly be eliminated. Moreover, AI will have a bigger impact in augmenting decision-making in some jobs, making it more data based and real time, thus freeing up managerial time and attention and allowing for focus on different and more impactful tasks. However, this is easier said than done- research shows that the successful adoption of these AI technologies will need a thoughtful human centred approach.

Smart Cities, Smart Homes and Smart Offices

Internet of Things (IoT) technologies and AI will definitely make our offices smarter, even if our homes and cities take more time to be smarter! Offices will be 'phygital' – and the difference between the physical and the digital will be blurred. This is clearly a big area for organisations to consciously leverage - enabling greater productivity, collaboration and security.

The Wearables Revolution

The march of mobiles would continue, powered by mobile supercomputing, leading to the 'wearables revolution'. While this will still involve a small population, its impact on health and well-being may be huge for organizations and there is a need to seriously examine the applications of this technology. Supported by other technologies like Virtual Reality, its applications in business could be far-reaching, particularly in our workplace - creating a phygital environment, as mentioned earlier.

Clean Energy/Climate and Environmental Action

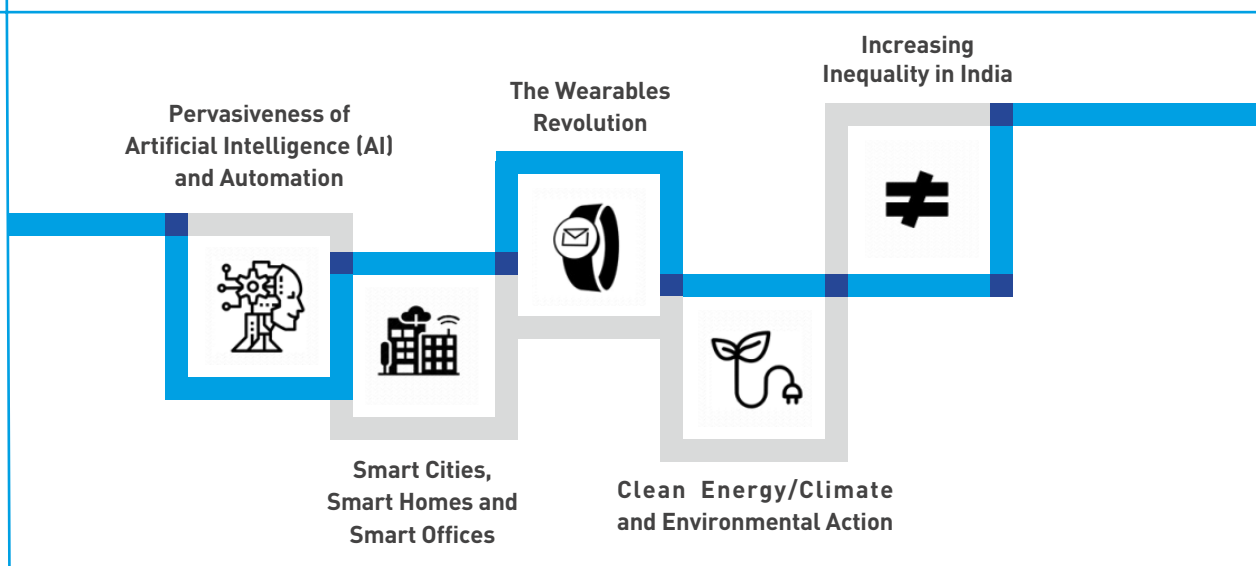
Sustainability and environmental protection will continue to become a bigger driver for change across organisations. Rise of electro mobility, with better affordability, will promise less pollution. The whole ecosystem of clean energy will grow exponentially, impacting the business as we know it today. Organisations will need to rethink how they are being socially/environmentally conscious and sustainable.

Increasing Inequality in India

The predictions are that future GDP growth over the next decade or so will be led by the quality of talent and not just by an increase in talent supply. Further, we can see that jobs in service-based industries will grow, over goods producing industries. Putting these together, it is likely that growth in India will be spurred only by the right quality of talent - and given our education system, we would have a large number of unemployable people, which could lead to increasing inequality and social tensions.

These 5 big trends will have a significant impact on organisations and will also impact our work and workplace in a big way. They will also increase our business complexity-from changes in business models, Go-To-Market approaches and others, necessitating the need for greater business understanding and agility.

Big 5 Trends Arounds Us



I believe the biggest challenge for the future HR professional would be to straddle a world of seeming paradoxes for eg Being more human and centred while being extremely digital, being able to balance the impact of automation on one hand whilst being able to unlock capacity & feed businesses for growth.'



Anuradha Razdan

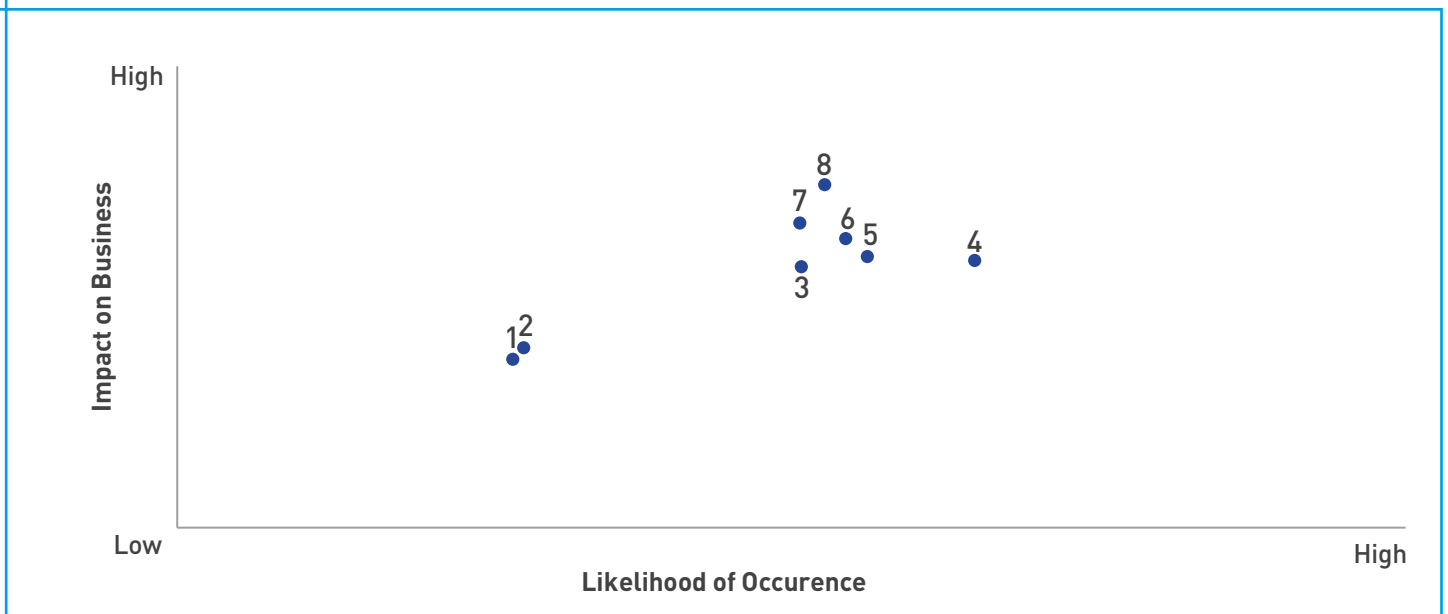
Executive Director, Human Resources, Hindustan Unilever Ltd.

People and Society



Having got an overview of the megatrends, we also looked at the likely changes in the attitudes and motivations of people over the next decade. We polled a sample of CHROs and CEOs to get their views on which of these trends were more likely to happen, and the potential impact it could have on their business, as shown in figure 1 (See more details in Appendix 1).

Figure 1: Key People Trends – Likelihood of Occurrence and Impact on Business



1. Newer forms of employee collectives, 2. Attention Deficit, 3. Stress & Mental Health Issues, 4. Greater focus on skills, less on education, 5. Shorter career horizons, multiple deep skills needed, 6. Purpose & Social Impact becoming important for individuals, 7. Importance of flexibility & work life balance, 8. More Diverse & Multi-generational workforce.

We have summarised the top people trends that we need to consider in the next decade:



The big shift I see is towards continuous learning organisations, and CHROs need to enable it.

Suresh Narayanan
CMD, Nestle India Ltd.



A New Career Paradigm

Given the various changes in the environment, we can see that people will plan for shorter career horizons. Tenures in organisations will be shorter, unless the organisation provides opportunities for talent to reinvent and reskill themselves. There will be a greater focus on developing skills, and less on formal education degrees - thus leading to a new 'skills economy'. Moreover, this focus on skills and shorter career horizons, will require people to develop multiple deep skills in the medium term.

Increasing Desire for Flexibility and Gig Working

There will be increasing demand for flexibility as work life balance becomes critically important to people. Further, as an extension of this desire for flexibility, we will see more people opting to do 'gig working'. With the advent of phygital workplaces, there will be more opportunities for enhancing flexibility of work and the workforce. This will call for organisations to set up an 'entrepreneurial contract' with many such employees - a move from the current 'psychological contract'.

More Diverse and 'Multi-Generational' Workforce

The diversity of our workforce will increase, and we will have a number of very different 'personas' working together. There will be a higher drive for people to express their individuality. Talent from the interior parts of the country, as well as from different backgrounds, and across different generations, will join the workforce in increasing numbers. Tapping into diversity will become more of a business priority as it will have a direct link to the innovativeness of an organization.

Purpose and Social Impact Becoming Important for Individuals

The younger generation joining the workforce will be increasingly focussed on the impact they are making in the world - and would also like their organisations to be more socially conscious, sustainable and have a larger purpose. At the same time, they will look for increasingly meaningful work.

Stress and Mental Health Issues Becoming Commonplace

The changing technology and society will also bring greater alienation of the workforce resulting in increasing mental health issues and stress - the cost of these being significant to the business. Emotional wellbeing in particular, will take centre-stage as employees are constantly searching for meaning and larger good of the society through the work that they do, and organisations will have to think of a holistic well-being approach.

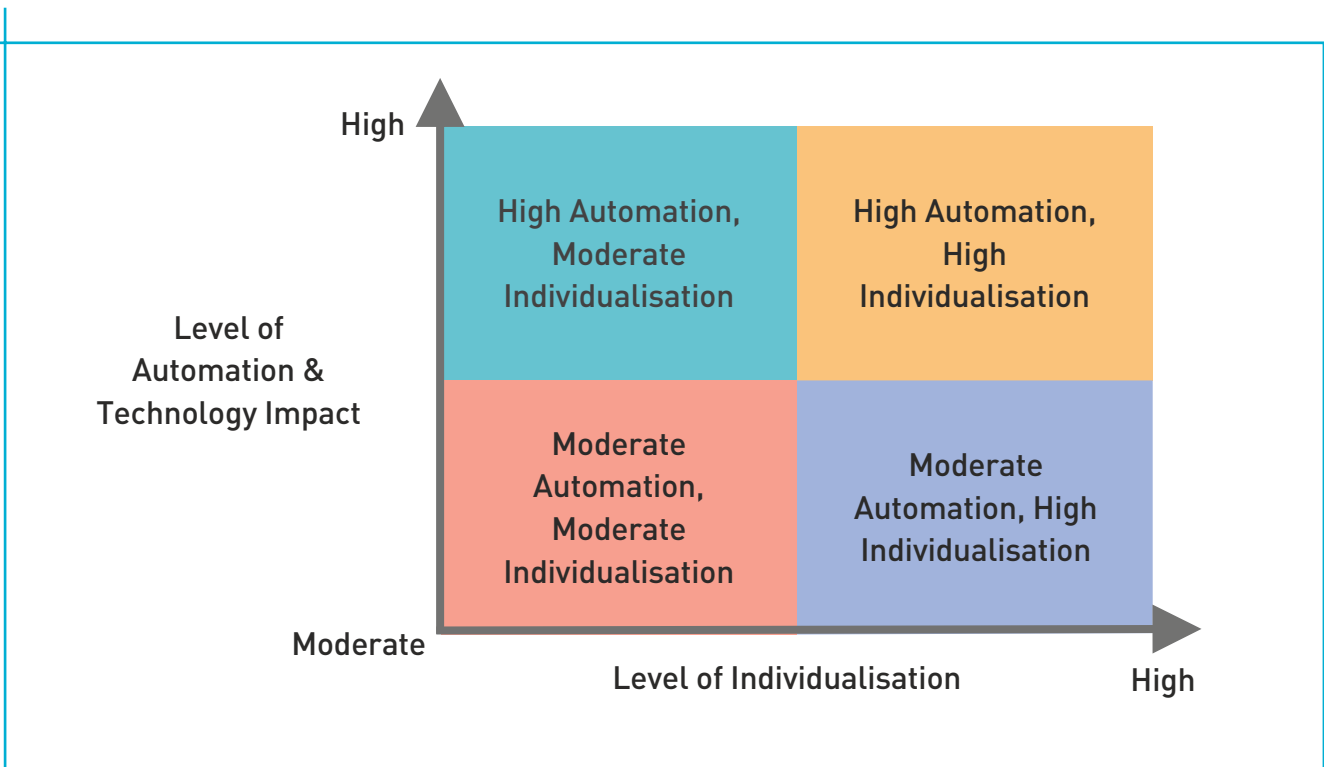
Newer Forms of Employee Collectives Taking Root

With increasing gig working, short career tenures and a focus on specific skill/specialism, coupled with increasing social consciousness, we would see newer forms of employee collectives taking root. Communities of practice, activist groups, interest groups and skill guilds could be some examples. And these collectives may rise up for issues not only limited to their own welfare and well-being but in a scenario where purpose and social impact are important too, could take up activism of the kind that questions the business of their organizations.

'Work-Workplace Workforce' of the Future

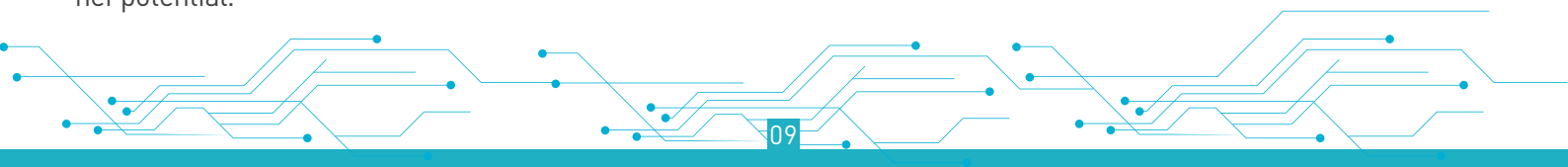


As we look at the above trends in technology and society, we can see two clear vectors. On one axis is drive towards increasing use of technology and automation, and on the other hand we see that individuals want opportunities to express their individuality far more.



Research shows successful automation needs a human centred approach - the greater the involvement of people in the design of automation, and the more autonomy they have to use elements of automation, the greater is the success of the adoption of automation. While we believe the societal trends are not going to be dramatically different from our predictions above, we believe that the degree of automation and technological disruption is much more an unknown variable and will move in a continuum - we have to plan for scenarios with extreme technology impact, and that with moderate impact. See Appendix 2 for details of the 2 scenarios.

There is a crucial difference in the way that the future is going to change over the next ten years in comparison to the transitions that occurred in earlier industrial epochs. The last phase of technology adoption and increase in productivity saw the dualist conceptualisation of organisations in terms of core and periphery. The next phase may not merely see a shrinking of the core, but a reimagining of the core. Employment relations has already witnessed a transition from the formal contract (job security, collective bargaining, pay equity) to the psychological contract (employability, engagement, rewarding human capital). The next phase, with an intensified emergence of the gig, is likely to see a shift from the psychological contract to the entrepreneurial contract (risk sharing, curation, return on investment/value creation and appropriation dynamics). A new genre of leadership is likely to emerge to manage the entrepreneurial contract - organisations will have to tap into the benefits of technology, yet keep the individual at the heart and maximise her potential.

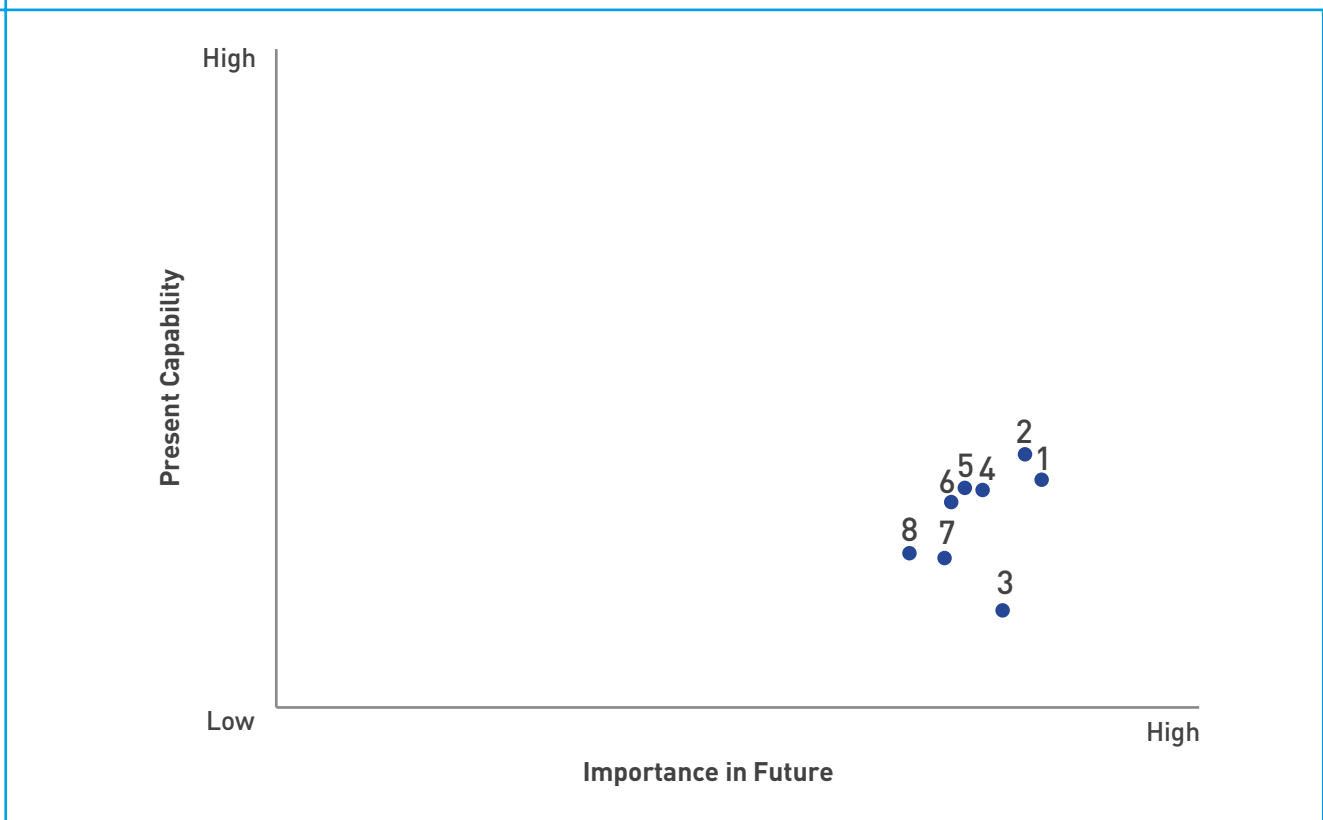




The 8 Key Shifts the HR Function Needs to Make in the Next Decade

Given the above context of change, the deliverables of the HR function will also have to undergo a change. We identified the core elements of the HR function that need to change in the next decade, and polled CEOs and CHROs to rate these changes on its importance, as well as the current capability of the HR function to focus on the changed deliverables. Appendix 3 has details of the responses. A clear insight here is that the CEOs/CHROs across the board rate our current capability to meet the shifts as just about average.

Figure 2: 8 Key Shifts the HR Function Needs to Make in the Next Decade



1. Focus on continuous upskilling of workforce, 2. Culture, Purpose and Social impact gets increasingly core to the business, 3. Increasing use of analytics, 4. Greater talent-mix, flex arrangements and gig working, 5. Reimagine rewards linked to skills, and contribution, 6. Greater role and autonomy for manager, 7. Wellness, emotional health and psychological safety become core to engaging employees, 8. Job crafting - death of generic JDs and increasingly personalised jobs.

Culture, Purpose and Social Impact Gets Increasingly Core to the Business and Integral to our Employee Value Proposition

To truly engage employees, organisations have to clearly articulate their Purpose in meaningful terms for employees. At the same time, they need to provide opportunities for employees to discover their own purpose and work on those. Only 56% of respondents felt we had capabilities to do this well.

Focus on Continuous Upskilling, Reskilling and Reinvention Options for People

Having people with the right skills will be critical for the business, more so when there is so much flux in technology. Employees will also place a premium on the value they are adding to themselves in terms of skills. To be competitive, organisations would have to provide the platform for employees to continuously reskill and upskill themselves. Given the reducing half-life of skills, employees will also need opportunities to pivot to completely new skills and reinvent themselves.

Staffing would Involve a Greater Variety of the Talent-mix, with Increasing Flex Arrangements and Gig Working

Organisations will have to leverage a variety of talent and embrace gig-working and flex arrangements at a larger scale - and the HR systems, processes and policies need to be flexible for this. Furthermore, we believe that given the complexity of these arrangements, these would have to be devolved to managers, and HR needs to craft systems to facilitate that.

Increasing Use of Analytics and AI for Managerial Actions and Talent Management

Successful organisations will leverage the power of technology to help managers make the right people decisions, by building the right analytics powered by AI. To be effective, these AI powered analytics should enable decisions in the flow of work. Performance management and talent management will be perfect areas for such objective and data-based decisions.

Reimagine Rewards Based on Contribution and Linked to Skills

As we move partly towards an 'entrepreneurial contract, rewards need to change. We believe that organisations will place a premium on contribution and reward people much more in line with that, rather than the job level. Increased variable components, linking value created to rewards, and paying a premium for key skills will be very much the future direction.

Job Crafting - Death of Generic JDs and Increasingly Personalised Jobs

Given the desire for employees to express their individuality and the variety in individualised deep skill sets, successful organisations will move to a flexible job structure. Job crafting, by enriching roles to suit individuals, will need to be mainstream. More unique roles and a very flat and flexible structure will be the future.

Wellness, Emotional Health and Psychological Safety Become Core to Engaging Employees

Focus on holistic well-being will be a key enabler of having a highly productive workforce. Given the increasing levels of stress, organisations will also have to enhance the psychological safety in their teams, so that employees can be authentic. These will mean a greater focus on the elements of culture in the teams, and the promoting enabling styles of managers. Our capabilities to manage these need to be built.

Greater Role and Autonomy for Manager to Manage the Team

All the above changes will mean that individual managers have a greater role and autonomy in managing their teams. But for this to work well, two things need to be in place - greater training and mentoring of managers, and a strong set of values and culture that is enforced. This will also mean that the operational HR role will disappear. Organisations need to prepare for this by training and empowering their managers, and reinforce the right culture needed.

In summary, these 8 shifts in the HR function would be necessary to respond to changes in the environment that we foresee in the next decade. However, our respondents noted the current capability to do these as just about average. These would have to be our focus for capability building.



The most important shift from today to tomorrow is towards being a business leader with deep understanding of business and environmental dynamics coupled with an ability to connect the dots to the talent in the company.

Manoj Kohli

Executive Chairman, SB Energy



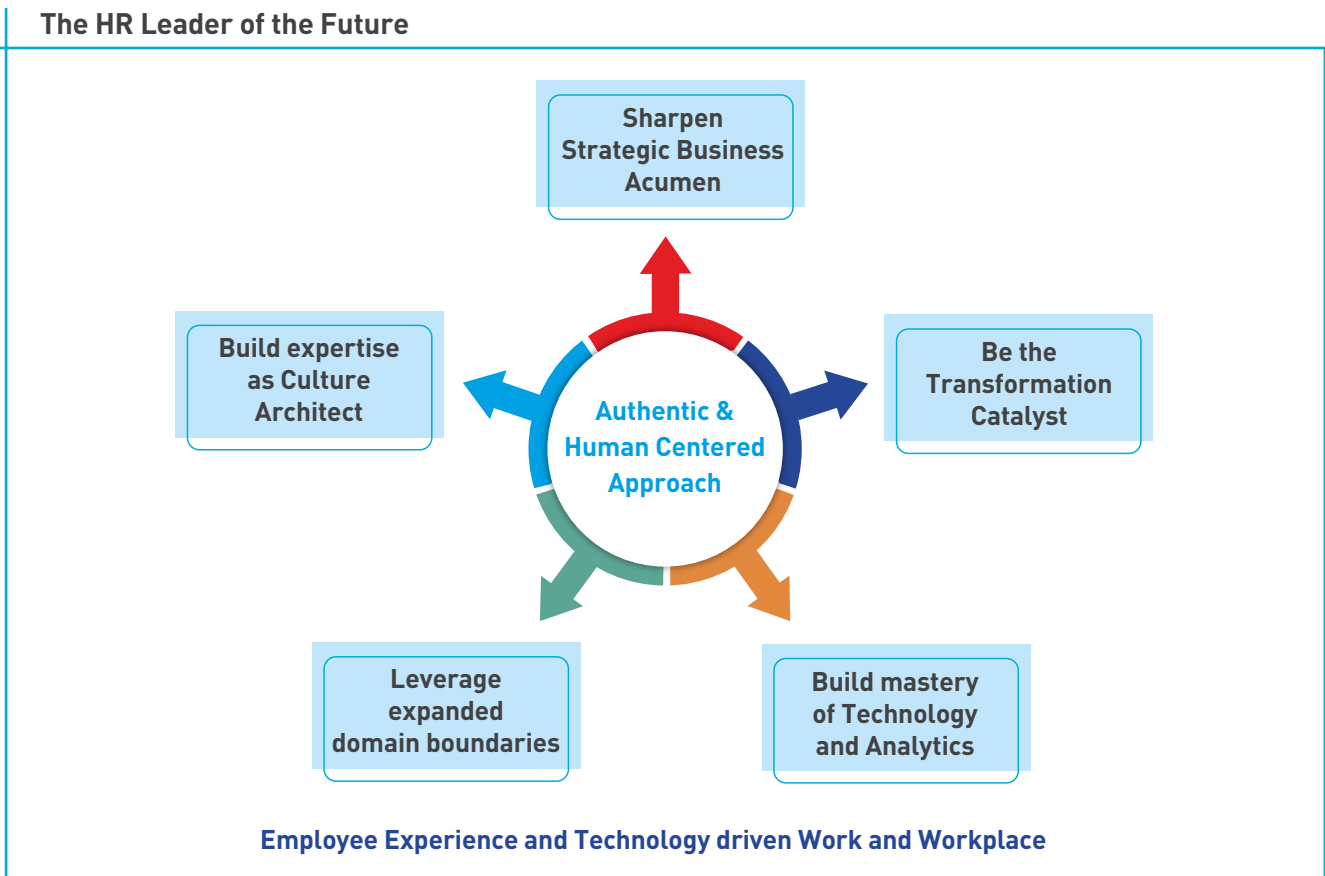


The HR Leader of 2030

As we look at the likely changes in the environment, a new genre of leadership is likely to emerge to manage the new 'entrepreneurial contract' - a networked and portfolio-oriented leader. As knowledge evolves, expertise and uncertainty will emerge as fluid, shifting patterns requiring constant reshaping of skill and competence. People who tap into diverse, eclectic knowledge networks will emerge as trusted leaders. Shareholders and consumers will trust leaders who have evolved a strong network of expert knowledge and enterprise. At the same time, leaders who curate start-ups, understand business-technology-consumer-society experiments and value creation through enterprise, are likely to succeed.

Given this context, and the changes in the key outcomes expected from the HR function outlined earlier, we polled CHROS and CEOs on the new Competencies and skills needed. Appendix 4 and 5 have these details.

We see 6 broad shifts that HR leaders need to make, with the core of being human-centred, to be successful in the next decade.



Strengthen the Core of Business Acumen

A deeper understanding of the drivers of business strategy will be essential. In an agile and fast changing world, this grasp of the nuances of business will be even more important as the margin for error is small and decision-making delays will cost substantially. HR folks need to delve deep into these questions constantly:

- Where and how is value being created in the organisation?
- What can HR do to accelerate or strengthen the value creation elements?
- What can be done to amplify our competitive advantage or enhance agility and flexibility in the organisation?

Leverage Expanded Domain Boundaries

HR is expected to become less siloed, and newer practices need to be adopted based on emerging insights. Integrating neuro science to the existing body of behavioural sciences, behavioural economics, elements of consumer behaviour/marketing etc. will be critical as the role of HR increases as an influencer across the business. Successful HR leaders will tap into eclectic expert knowledge across other disciplines and leverage that knowledge and network for a more appropriate and sustainable decisions.

Architecting the Culture Takes Centre-stage

As HR moves forward from being an 'employee champion' to one that architects and facilitates a culture that enables employees meet their purpose and feel included - it will become all the more complex with a very diverse, multi-faceted workforce. Having an inclusive culture will become a business priority. Moreover, elements of culture that will differentiate a business, for instance, building a culture of continuous learning, will be critical deliverables from HR.

Being a Transformation Catalyst

In the next decade, businesses will need to change course rapidly, and ramp up new capabilities with speed. Leading change and transformation will be a big ask - and HR leaders need to come up with mechanisms to enable transformations, faster and smoother. The HR leader needs to have a true sense of what is happening in the external environment - that external orientation will enable her to proactively plan for change within organisations. Thereafter, the leader needs to be adept at enabling people to change at an individual level.

Building Technology and Analytics Mastery

A deeper appreciation of new technology, AI and its impact on work and on how it can be leveraged for people decisions will be critical for a successful CHRO. In addition, she also needs to develop a mastery over data analytics and its use in decision making - and at crafting an analytics architecture that enables managers to make great people decisions in the flow of work. At the same time, issues of bias and exclusion will have to be thought through carefully as we design these algorithms. Technology and data will be integral to decision making at all levels - and core to your competitive advantage.

Being Authentic and Human Centred

At the heart of everything is the need to bring a greater human focus into our organisational processes and decisions - which will become even more critical given the steady march of technology and automation! People will look for more human-centric organisations. HR needs to lead this agenda and who better than the CHRO to be a role model of authenticity and human centredness.

The skills and behaviours needed to support these new competencies of the 'Successful CHRO in 2030', are as follows:

The Skills and Behaviours for Future HR Leaders

Key Skills

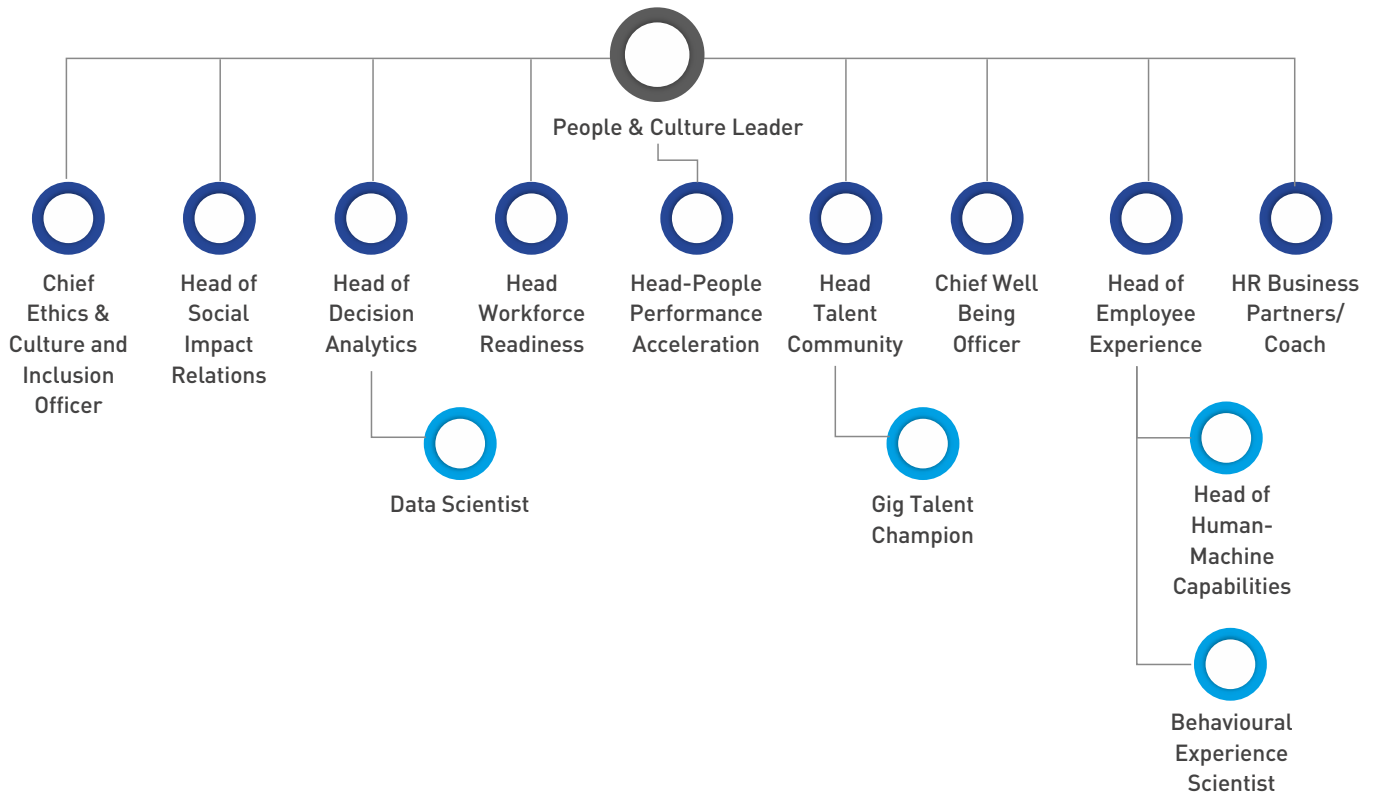
- Strategic Business Acumen
- Culture Architecture
- Data Analytics, Digital and AI Frameworks
- Emotional Intelligence
- Behavioural Economics and Neuroscience Applications
- New-age Employee Relations

Behaviours

- Authenticity and Human Centricity
- Inclusivity with No Bias
- Leveraging Diverse, Eclectic Knowledge Networks/Systems Thinking
- Learning Agility/Cognitive Flexibility
- External Orientation Scanning and Sensing Environment
- Influencing Across Levels and Externally

Given the above, how might the HR function look like in 2030? With increasing focus on some of the above priorities, and the use of technology and analytics, a possible future HR structure reporting to a CHRO in 2030 is here:

The HR Function in 2030 as we will see It



Successful companies would be pioneering some of these already!

In Conclusion: Preparing for the Future



As outlined above, we are on the threshold of a momentous decade. The big changes in environment will call for some critical shifts in our HR actions. In order to prepare for the future, we need to start right away to shape our HR function appropriately, and invest in building the right HR leaders for the future. The competencies, skills and behaviours listed above could form guideposts for the development journey of our HR talent.

“

The new era HR leader will be inspiring, inclusive and agile, building congruence between organisational and individual purpose while steering the business successfully in a fast changing environment.

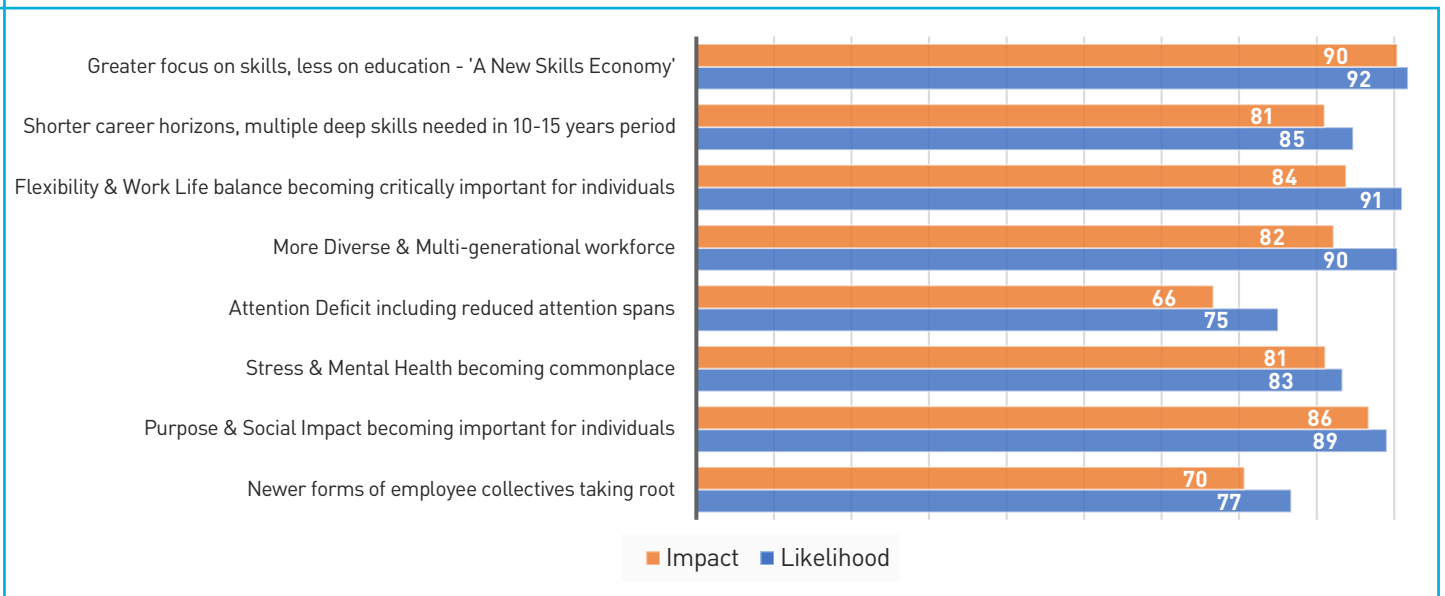
Hema Ravichandar
Strategic HR Advisor

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Appendix 1

People and Society: Key People Trends – Likelihood of Occurrence & Impact on Business

% of respondents rating High or Very High



Appendix 2

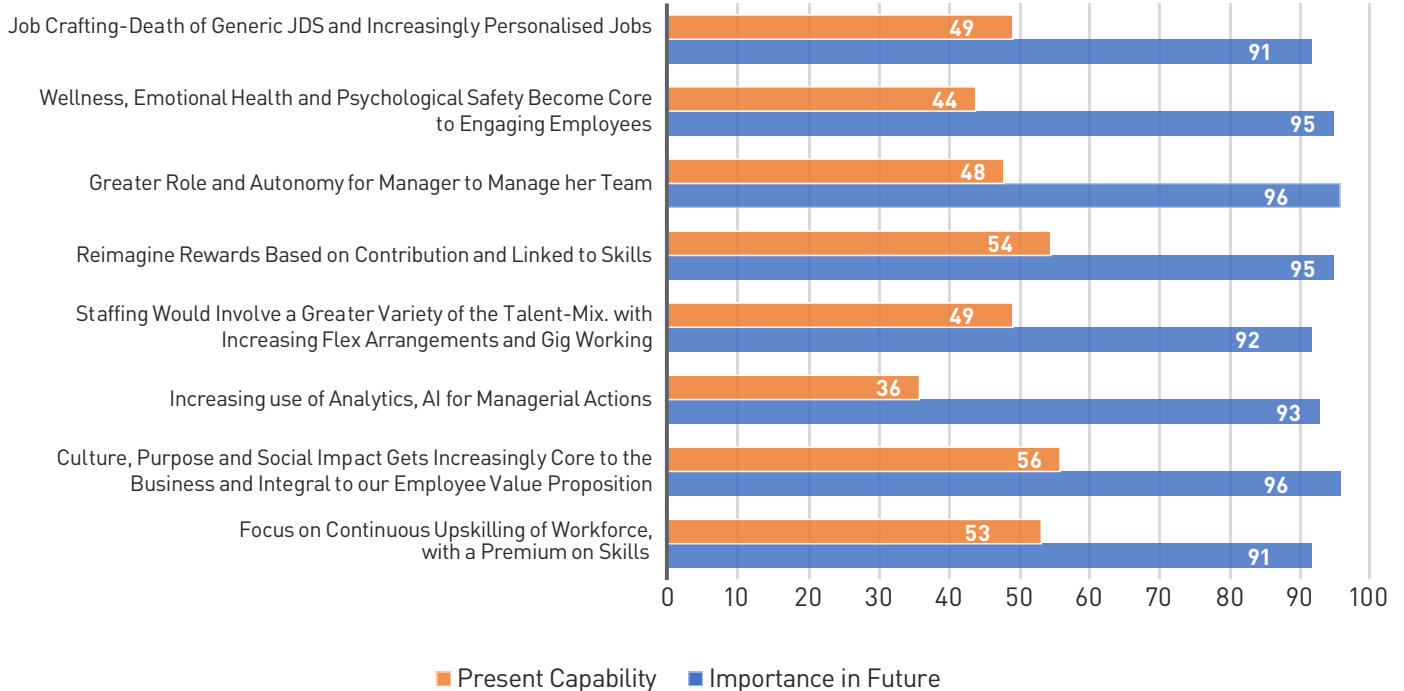
The 2 Scenarios on the Impact of Technology

	Scenario 1: Moderate Automation and Technological Disruption	Scenario 2: Extreme Automation and Technological Disruption
Work 	<p>Around 20- 25% of current jobs in organisations are automated significantly, and about 15-20% of current jobs disappear.</p> <p>Automation will be much higher in Business Process Management/ Commoditized work areas and less in highly skilled areas.</p> <p>Some new types of jobs will be created.</p>	<p>Around 50-60% of current jobs in organisations are automated significantly. About 50% of the existing jobs disappear.</p> <p>Large number of new types of jobs will also be created (like human led data foundries to tag data, train AI services).</p> <p>Self-service will become the norm across, enterprises. Rise of digital brains to make work more productive by being able to sense, feel and respond.</p>
Workplace 	<p>Connected workplace - greater use of digital assistants and wearables.</p> <p>Workplaces will become smarter with usage of IoT, 5G and will be software driven.</p>	<p>Extremely connected and smarter with extensive use of digital assistants. Pervasive use of wearables, IoT, VR and communications technologies - enabling seamless remote working and collaboration.</p> <p>that are managed through apps on phones or wearables.</p> <p>The boundaries between physical and digital will start fading and everything will become 'phygital'.</p>
Workforce 	<p>About 20% of the workforce need reskilling.</p> <p>New types of skills will be required. T-shaped, Z-shaped etc.</p>	<p>Over 50% of the workforce need significant reskilling.</p> <p>More higher order skills that require contextual thinking and analysis that cannot be done through automation and robots will be required.</p> <p>Moreover, humans will have to trust and be able to work seamlessly with robots.</p>

Appendix 3

8 Key Shifts HR Function Needs to Make: Importance and Current Capability

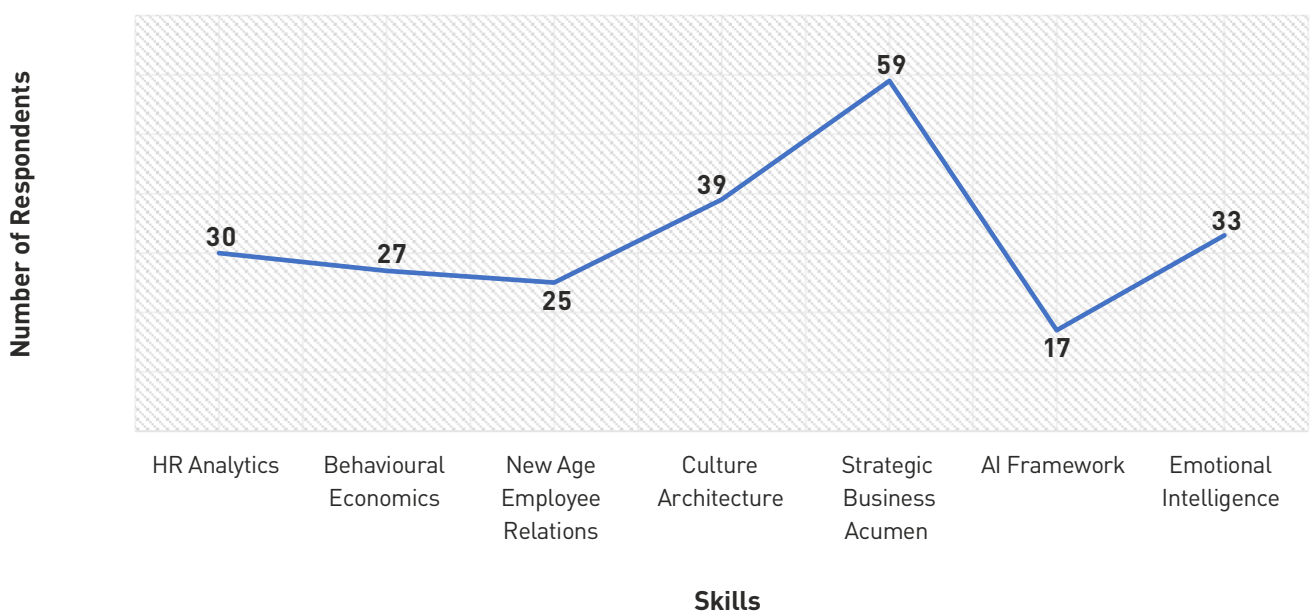
% of respondents rating High and Very High



Appendix 4

Top 3 Skills that CHROs Need in 2030

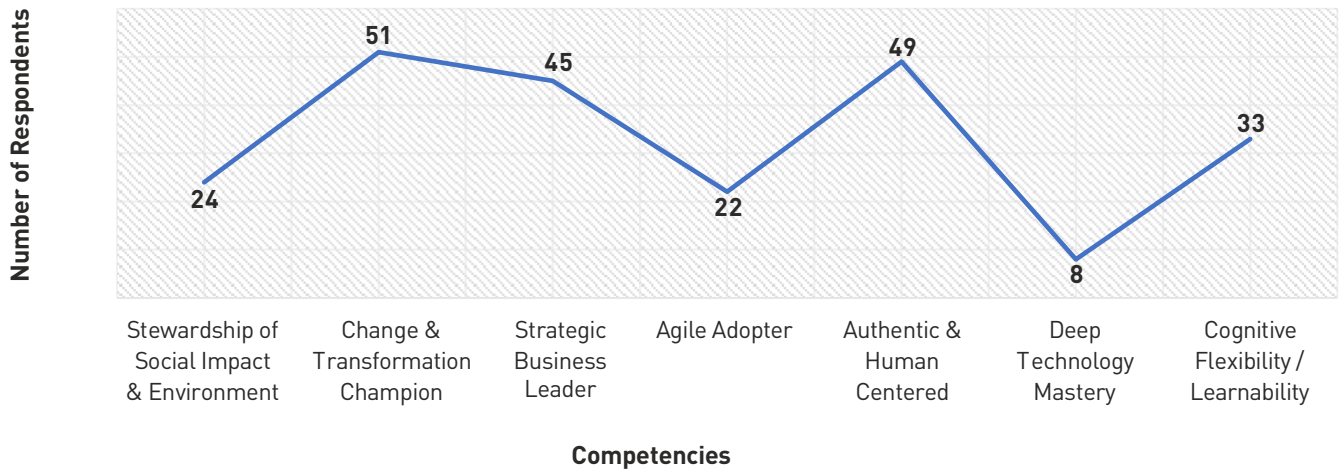
Number of respondents naming each as among the top 3 skills needed in future



Appendix 5

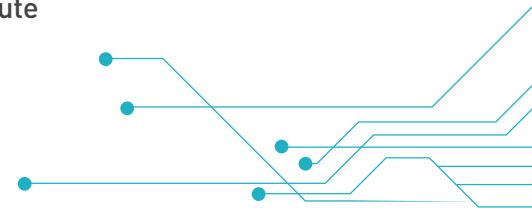
Top 3 Competencies that CHROs Must Demonstrate in 2030

Number of respondents naming each as among the top 3 skills needed in future



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Contributors

- Amitav Mukherji
- Darpan Singh
- Dhananjay Singh
- Gangapriya Chakraverti

- Keerthana Shashi Shekar
- Krish Shankar
- Shankhashuvra Misra
- Srinath Jagannathan



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C-81C, DLF Super Mart I, DLF City, Phase IV, Gurgaon – 122002



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