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# Business Line

## The new deal for HR

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D. Shivakumar, Senior Vice-President (IMEA Markets), Nokia, says the rules of transformation are “keep growing.” — SHASHI ASHIWAL

*Organisations are transforming with speed and HR needs the savvy to catch up*

The contract between employees and companies in today’s context has changed irreversibly and employers had better learn to live with it. Two decades ago, the context was company, career and individual, in that order, but all in the context of a company. Today, it’s the other way round with the individual at the top of the order.

It may sound a bit drastic, but, “This is the new way of thinking and companies better realise it,” says D. Shivakumar, Senior Vice-President for Nokia, IMEA markets, speaking to students of the Great Lakes Institute of Management near Chennai at a recent human resource (HR) conclave on the transformational role of HR in large organisations.

### Young and restless

Shivakumar outlined the conundrums that HR is faced with today. To a generation of managers who grew up in the ’80s, it would be veritable heresy not to mark time in a company and learn the ropes. But, today that’s all changed.

Shivakumar narrated a conversation he had with a young manager who had worked in Nokia for five years. When he asked the latter where he sees himself five years down the line. “Not in Nokia,” was the answer and his reasoning was, “The world is changing so fast, why should I commit myself to anybody? I may start something on my own.”

And, it isn’t just in the context of an employee, even chief executive officers’ (CEO) profiles are changing. As Shiv said, a former colleague from Hindustan Unilever, where they both worked, declares himself as a serial CEO, not staying in a company for more than three years. Every three years, says this itinerant CEO, venture capital funds will need CEOs for companies they invest in.

### Inverse relation

So, as Shivakumar elaborates, leaders need to be acutely aware of the circumstances they find themselves in today. Attrition and growth are inversely related. As companies grow, attrition drops; in a decline, attrition grows. “Growth keeps people young; so the rules of transformation are: keep growing!”

He elaborated on the characteristics of the next-gen that HR needs to be aware of. They seek a challenging environment, competitive package, a work-life balance, good CV value, good colleagues, wider opportunities, training and development and job security. “The first promotion is critical to their self-esteem. Friends’ opinion and view of company matters to them more than what their boss tells them,” he explains.

Sanrupt Misra, CEO, Carbon Black Business and Director, Group HR of the Aditya Birla Group, speaking on transformation in organisations said it does not start as a grand vision. “A small change can influence the whole

organisation; all it needs is a little spark.” Transformation must start on with questions on what needs to change.

To illustrate, Misra explained that in 1996, the A.V. Birla group knew it needed to transform, but didn’t know how to do it. There were no consultants, no grand plan.

## Breaking habits

“But, we asked ourselves questions on what we saw outside and how the future was unfolding.”

Transformation is all about breaking habits, says Misra. “Organisations develop holy cows which are created and perpetuated. Somebody needs to challenge that; change is incremental. We need to create ‘discomfort’ in people about the status quo.”

From a turnover of \$1.6 billion in 1996 and employing 70,000 people, the group has grown to be \$40 billion in size and employs 1.36 lakh people. Along the way, it sold ten businesses, bought 26.

“Productivity has gone up significantly,” he adds. But, in this context, the role that HR played is critical.

Elaborating on the change that the A.V. Birla group went through, Misra said that the group moved from being a manufacturing to a services organisation, and from being a cost leader to a value leader, became a solution provider from a product leader. “We found that in 1996 we were employing too many low-skilled workers who were also paid less. The paradigm changed to employing fewer and better paid people. Productivity too went up. We changed the HR model we used,” he elaborates.

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