

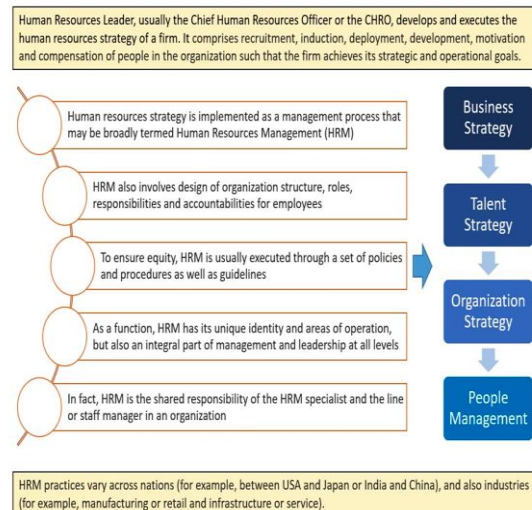
**Leadership for India Inc: Practical Concepts and Constructs**  
**Prof. C Bhaktavatsala Rao**  
**Prof. Ajit Singhvi**  
**Department of Management Studies**  
**Indian Institute of Technology, Madras**

**Week - 08**  
**Functional Leadership Models**  
**Lecture - 40**  
**Human Resources Leadership**

Hi Friends, welcome to the NPTEL course Leadership for India Inc: Practical Concepts and Constructs. We are in week 8, discussing Functional Leadership Models. In this lecture, we will focus on Human Resources Leadership.

(Refer Slide Time: 00:23)

**Human Resources Leadership**



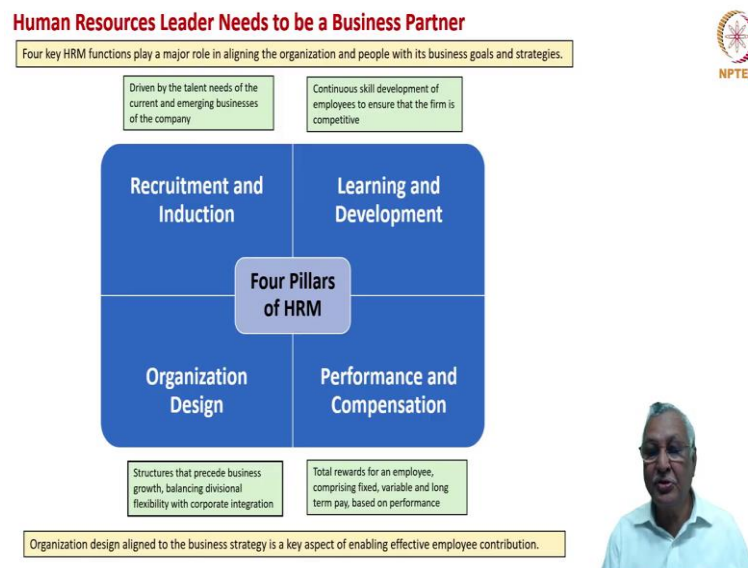
Human resources leadership is carried out by human resources leader, usually called the Chief Human Resources Officer or the CHRO. The CHRO typically develops and executes the human resources strategy of a firm. It comprises recruitment, induction, deployment, development, motivation, and compensation of people in the organization such that the firm achieves its strategic and operational goals.

HRM is implemented as a management process that may be broadly termed Human Resources Management. HRM also involves design of organization structure, roles, responsibilities and accountabilities for employees. To ensure equity HRM is usually executed through a set of policies and procedures as well as guidelines.

As a function, HRM has its unique identity and areas of operation, but also it is an integral part of management and leadership at all levels. In fact, HRM is the shared responsibility of the HRM specialist and the line or staff manager in an organization. HRM practices vary across nations, countries such as USA, Japan, India, and China each has its own set of HRM practices.

While the common principles could be similar, the uncommon principles are traceable to the cultural differences of various nations. Similarly, industries also significantly differ in respect of the human resources practices, manufacturing, retail infrastructure, service, each industrial or infrastructural sector has got its own practices related to HRM.

(Refer Slide Time: 02:09)



Human resources leader needs to be a business partner. There are 4 pillars of HRM, 1, recruitment and induction, 2 learning and development, 3 organization design, and 4 performance and compensation. Recruitment and induction is responsible for meeting the talent needs of current and emerging businesses of the company.

Learning and development ensures continuous skill development of an employees, so that the firm is competitive at all times. Organization design provides the structures that precede business growth balancing divisional flexibility with corporate integration. Total rewards for an employee comprising fixed variable and long term pay based on performances provided by the performance and compensation division of HRM.

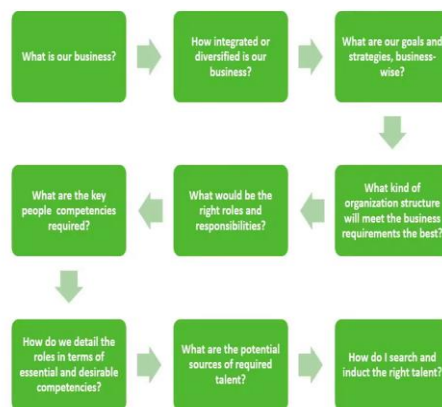
We have seen in our earlier lectures, how each of these aspects is important in the execution of strategy. Organizational design is extremely important to develop a structure which is commensurate with this strategy. Learning and development is an essential for developing both the hard skills and the soft skills of an individual, getting the talent right and getting the right talent in is the most important aspect of making a company competitive.

And finally, the total rewards that are offered to an employee in terms of the pay package as well as the long term benefits has impact on the motivational level of an individual. Organization design is aligned to the business strategy and therefore, is a key aspect of enabling effective employee contribution.

(Refer Slide Time: 03:49)

### Talent is the Critical Focus Area for a Proactive HR Leader

Recruitment requires identification of the right talent for fulfilling organizational goals and inducting into the team.



Recruitment, as is evidenced by the above, requires business-driven planning for talent in a holistic manner.

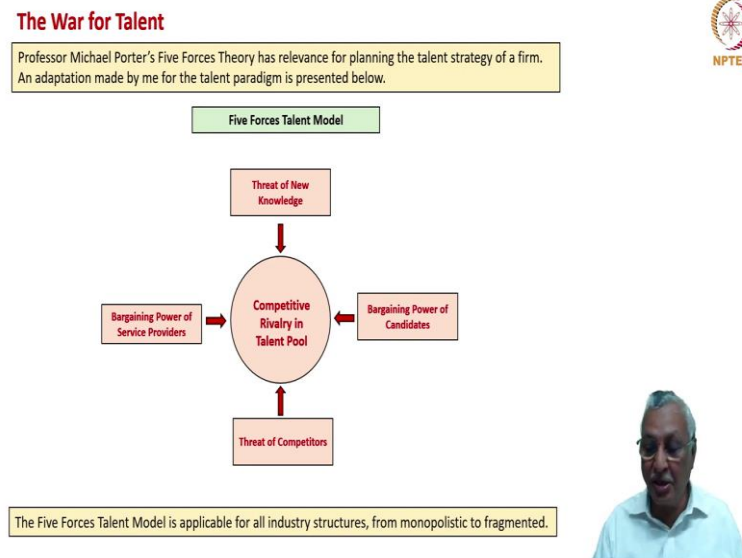


Talent also is the critical focus area for a proactive HR leader. It requires the understanding of the roles that are envisaging in an organization pursuant to the strategy and then getting the right talent to fulfill the goals. What is our business? That is the fundamental question with which even the HR leader needs to start his processes.

How integrated or diversified is our business? What are our goals strategies business wise? What kind of organization structure will meet the business requirements the best? What would be the right roles and responsibilities within the organization structure? What are the key people competencies required? How do we detail the roles in terms of essential and desirable competencies? What are the potential sources of required talent?

How do I search and induct the right talent? Recruitment, as is evidenced by the above, requires business-driven planning for talent in a holistic manner and it starts from the understanding of the business strategy.

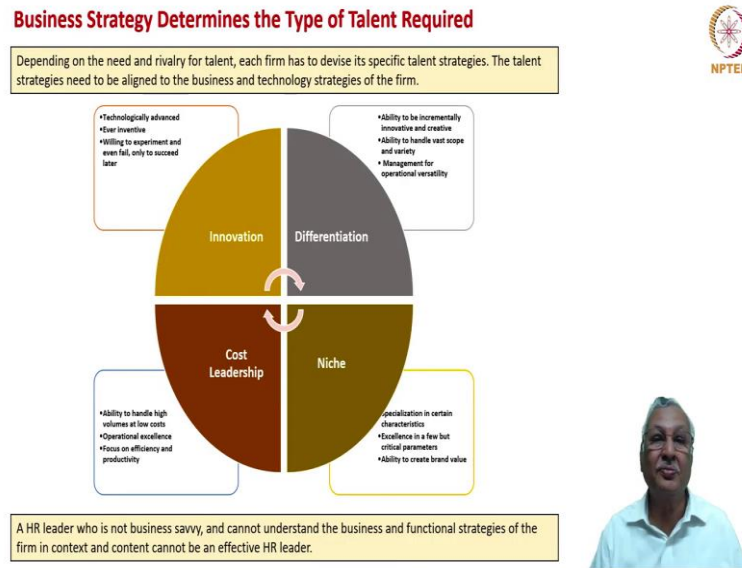
(Refer Slide Time: 04:48)



There is always war for good talent, capable talent. Professor Michael Porter has drawn up the 5 forces theory which talked about 5 typical forces that work in an industry. I have adapted the 5 forces model to the talent paradigm. According to me, the competitive rivalry in the talent pool is a force by itself, but it has also 4 forces impacting it, one set of new knowledge, bargaining power of candidates, bargaining power of service providers, and threat of competitors.

This model needs to be borne in mind by the HR leaders to make appropriate talent strategies and also for appropriately bringing in the talent into the company.

(Refer Slide Time: 05:30)



Let us look at different business strategies and the pursuant talent strategies. There are 4 types of businesses that are possible we said; one innovation, second differentiation, third cost leadership, and four niche. If the business is an innovative business, we require talent which is technologically advanced, ever inventive, willing to experiment and even fail only to succeed later.

We talked about R&D leadership, and we said that the R&D leader himself or herself has to be the most knowledgeable in the organization. And similarly we said that the R&D organization must literally be a knowledge society.

If the business model is one of differentiation, we need people who are able to be incrementally innovative and creative. They need to have the ability to handle vast scope and variety. And there should be management potential for operational versatility.

Let us take a business which has cost leadership as the primary goal. As an example a company which competes in the domestic pharmaceutical market or in the developed world's generic market; the cost is extremely important. Similarly, in the retail area cost is extremely important. The talent for this type of business requires ability to handle high volumes at low cost. It you should have operational excellence and there should be unrelenting focus on efficiency and productivity.

Let us look at a business which is a niche business. For that, let us take an example of a boutique. The boutique must have specialization in certain characteristics because it is not catering to all the customers across the consumer pyramid which we have seen, but at the same time the boutique also cannot be in the only bottom of the pyramid type of services.

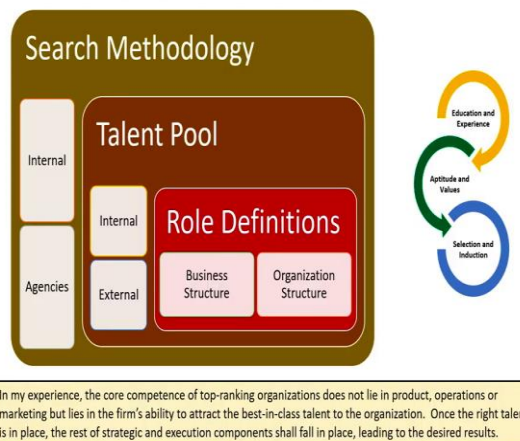
So, we need a kind of specialization in certain characteristics. Here excellence in few, but critical parameters is required and ability to create brand value is also very much required.

A HR leader who is not business savvy and cannot understand the business and functional strategies of the firm in context and content cannot be an effective HR leader. For far too long, HR leaders cocooned themselves as specialists of human resources function, but never interacted with other functions on an equal and equitable basis.

(Refer Slide Time: 07:58)

### The Recruitment Engine

The Recruitment Engine is the most important driver for an organization that is growth-oriented or under turnaround/transformation. The HR leader will need to be deeply involved in talent placement and development strategies, especially in respect of talent induction and development related to senior and critical positions.



In my experience, the core competence of top-ranking organizations does not lie in product, operations or marketing but lies in the firm's ability to attract the best-in-class talent to the organization. Once the right talent is in place, the rest of strategic and execution components shall fall in place, leading to the desired results.



I present here the recruitment engine which is the most important driver for an organization that is growth oriented or under turnaround or transformation. The HR leader will need to be deeply involved in talent placement and development strategies especially in respect of talent induction and development related to senior and critical positions.

The fundamental building block for the recruitment engine is the set of roles that are required in the company and that is again driven by business structure which again drives the organization structure. Then, we look at the talent pool, it could be internal talent pool or external talent pool. Then, the search methodology comes up, it could be again based on search by the internal human resource leaders or by the external search agencies.

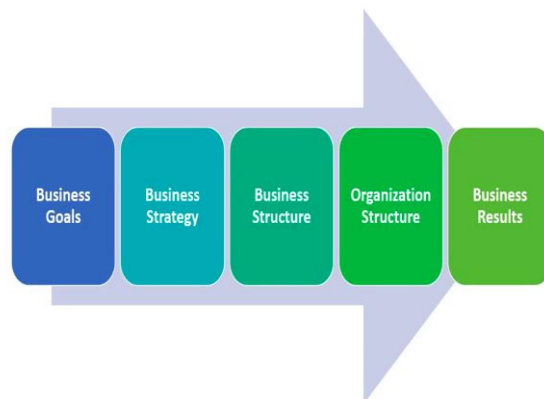
In my experience, the core competence of top ranking organizations does not lie in product, operations or marketing, but lies in the firm's ability to attract the best in class talent to the organization. Once the right talent is in place, the rest of strategic and operational excellence components will fall into place leading to desired results.

If you have the recruitment engine which focuses on education and experience, understands the aptitude and values that are required and accordingly molds the selection and induction process that engine would be a high performance engine for the company's talent pool.

(Refer Slide Time: 09:28)

### Organization Structures Need to Evolve Periodically

Structure follows strategy. However, only consummate HR leaders and CXOs know how organizational structures, business structure and business strategies can be aligned seamlessly and effectively.



Firms typically require different business strategies and structures as well as enabling organization structures at different points of time. Each organization structure while solving a problem could also lead to certain others.



Also, organization structures need to evolve periodically, structure follow strategy. However, only consummate HR leaders and CXOs know how organizational structures, business structure, and business strategies can be aligned seamlessly and effectively. So, the way the sequence happens is as follows. First, the business goals are set and



understood, then the business strategy follows and that leads to the business structure and from the business structure we get the organization structure.

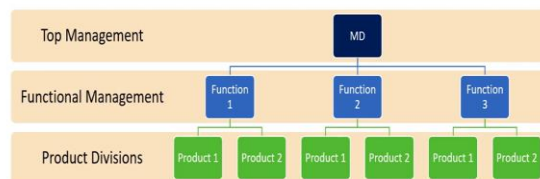
You can never jump straight away from the business strategy to organization structure. You have to go through the process of understanding how the business itself can be best structured, then the organization structure comes and finally, the business results come. Firms typically require different business strategies and structures as well as enabling organization structures at different points of time.

Each organization structure while solving a set of problems also creates a set of organizational issues. Some of them would have been foreseen and some would not have been foreseen that is the challenge in organizational structural design.

(Refer Slide Time: 10:34)

### Different Types of Organization Structures – Functional Organization

Functional organization structure is the most common form of organization structure, even globally.



In a functional organization, different functions undertake activities of different regions and businesses; it is left to the functions to be equitable to all regions/businesses and also coordinate with each other to fulfill business goals.



We have considered some of the organizational structures in the previous lectures. However, we will look at them in a consolidated fashion here. The fundamental organization structure is one of functional organization. The top management layer has the functional management layer reporting to it and that functional management layer comprises the heads of various functions.

And we have been calling such heads as CXOs, chief scientific officers, chief manufacturing officer, chief marketing officer, and so on. And within that you will have product divisions that is possible you going to have deeper functional divisions that is



also possible. In a functional organization, different functions undertake activities of different regions and businesses altogether.

HR requires to see HR requirements across all the regions. Similarly, R&D provides products all across the globe that is the approach of the functional organization. It is left to the functions to be equitable to all regions and businesses, and also coordinate with each other to fulfill business goals.

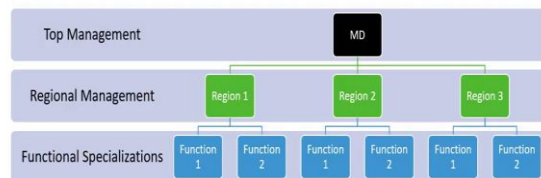
Functional specialization and being the easiest form of organization are the two typical advantages of functional organization. Most organizations perform start with functional organization as the first building block of the organization structure. The functional organization comes with two negatives, one the problem of coordination between various functions, second the problem of setting equitable resource allocation or equitable policies across different businesses.

If the functional management is situated in the corporate center in a particular jurisdiction, it is but natural that the entities which are located in that jurisdiction whether it is the manufacturing plant or R&D plant or field office those entities get much greater attention and support by the functions compared to similar functions, similar entities, similar businesses that are located far far away, that is the matter of inequity in the functional organization.

(Refer Slide Time: 12:42)

### Different Types of Organization Structures – Geographic Organization

Geographic organization structure works when operational responsibility can be devolved on the regions.



In a geographic organization, different regions are responsible for their own P&L, managing their businesses through regionalized products and functions.

Regional specialization  
Usually driven by two core functions; sales & marketing and operations

Problems of coordination  
Problems of equity among different products/businesses  
Duplication of costs



Geographic organization structure works best when operational responsibilities developed in regions and this takes care of the distance factor. Here we have the top management comprising managing director and the board. The regional management will be split in terms of region 1, region 2, region 3.

Typically, multinational corporations have North America as one region, European Union as another region, middle east as another region, Asia Pacific including India and China as another region, Japan and other foreign station countries are another region. This is the usual regional management structure that exists.

And within the region there would be functional specialization. If the regional plant is manufacturing plant, then there would be functions related to those manufacturing operations. On the other hand, if the region entity has R&D as its prime focus there will be functional related to that, that is how the functional specializations take place in the regional organization.

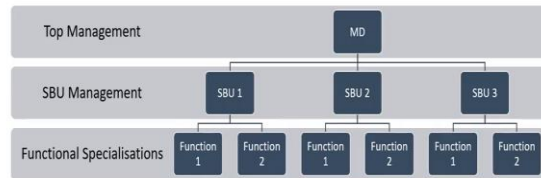
In a geographic organization, different regions are responsible for their own P&L. Managing their businesses through regionalized products and functions. Many multinational corporations which sell only products without much manufacturing investments or manufacturing facilities in the country they follow the regional organization, wherein the P&L responsibility devolves on the regional head and that person is expected to make all the arrangements necessary to keep the business running.

So, the advantages of the geographic organization are regional specialization and they are usually driven by two core functions sales and marketing, and operations. The disadvantages of the regional or geographic organization are there would still be the problems of coordination, there would be problems of equity among different businesses and products and there could also be duplication of cost.

(Refer Slide Time: 14:38)

### Different Types of Organization Structures – SBU Organization

Organizations can be organized in terms of Strategic Business Units (SBUs), which are usually built around products



In an SBU organization, different SBUs are responsible for their own P&L, managing their businesses as if they were autonomous companies with product and regional spread.



The third type of organization structure is an SBU organization, that is a Strategic Business Unit organization. Strategic business unit is a business organization wherein there is a homogeneous agglomeration of functions around one business vertical. And therefore, it is possible to get all those functions together under one leadership, and also assess the leadership in terms of the profit and loss parameters.

So, in this the 3 layers are top management as usual MD, and CEO, then the SBU management that is SBU 1, SBU 2, SBU 3, and the functional specializations function 1, 2, etcetera in each SBU. In an SBU organization, different SBUs are responsible for their own P&L, managing their businesses as if they were autonomous companies with product and regional spread.

The advantages of SBU organization are that the organizations provide business specialization. They are usually driven by product lineups with homogeneous product and market characteristics, that is the demand and supply is made available from a single entity. So, it makes that much easier to understand the demand factors and also match them with the supply factors.

The issue with SBU organization is that, that would be a problem of shared services. Resource allocations amongst different SBUs would be troublesome particularly if the SBUs belong to different horizons, some in the established horizon which is profitable, some in the emerging horizon which is yet to start off and some in the distant horizon

which would only be a cost center. Therefore, there would be conflicts of cross subsidization that is SBU organization for you.

(Refer Slide Time: 16:27)

### Different Types of Organization Structures – Matrix Organization

Organizations can be organized in terms of a matrix of head office functions and regions/products.



In a matrix organization, the global organization organized functionally or SBU-wise exercises control and coordination with regional subsidiaries on a 'function to function' or 'SBU to SBU' basis. Regional executives tend to have dual reporting to regions and global.

One Firm concept  
Aligned to global strategy and execution  
Global resource deployment

Sub-optimization of regional opportunities and talent  
Typically deliberative and slow to respond to local opportunities and challenges



The other organization is the matrix organization. This is particularly relevant in respect of transnational corporations, multinational corporations, and global organizations. The organizations are structured typically in terms of head office and regional matrix or head office and product matrix. The top management layer continues to be the MD and CEO as well as the board. The global management will have certain functions which are associate with the MD, the CXO team.

Then, the regional management will be across various regions, but the regional management could also be the product management, the region management could also be the SBU management. In a sense what it means that, we are combining a global spread of a in SBU organization or a product organization or a geographic organization as the case may be with global control and global oversight.

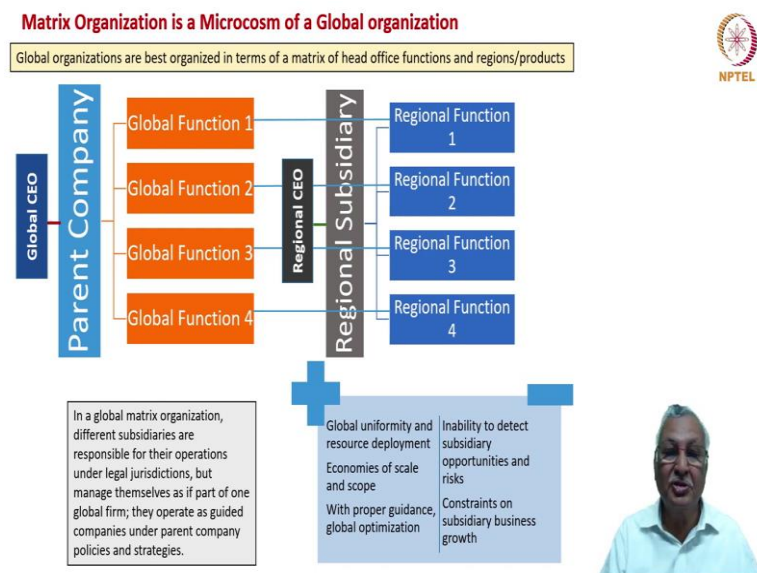
In a matrix organization, the global organization whether organized functionally or SBU wise exercises control and coordination with regional subsidiaries on a function to function or SBU to SBU basis. Regional executives tend to have dual reporting to both regional and global.

The advantages of a matrix organization are that it is promoting one firm concept. Everybody in the regions and the headquarters feels the same way one firm. And it is aligned to the global strategy and execution of a transnational corporation and global resource deployment is feasible because everyone feels a part of one strong wide global organization.

The disadvantages are that it sub optimizes regional opportunities and talent as well as at times the regional ways of doing business even if they are effective. And matrix organizations are typically deliberative and slow to respond to local opportunities and challenges.

Many times there would be a kind of iterative debate that happens. You may get an approval from the regional head, but the global head may think other ways. A global head may want something to be done, but the regional head may think other ways. So, there is always some kind of tension between the global leadership and the regional leadership in a matrix organization.

(Refer Slide Time: 18:44)



I try to illustrate the matrix organization further. Global CEO parent company, it has 4 global functions let us assume, and the regional CEO who is the regional subsidiary head has 4 regional functions. Now, all these regional functions will report to the respective global functions sales to sales, production to production, R&D to R&D, HR to HR.

However, all these regional functions together report to the regional CEO and the regional CEO typically reports to one of the global function heads depending upon which is the center of gravity for the region. That is how it operates. And each regional function reports, therefore, both to the regional CEO as well as to the global CEO. The advantages therefore are visible, but at the same time the disadvantages are also visible.

(Refer Slide Time: 19:40)

**Structure and Process as an Influencer of Organizational Agility**

In rigid bureaucratic organizations, the process has to confirm to structure, with vertical interactions being acceptable and horizontal interactions being restricted. In flexible bureaucratic organizations, process flexibility is allowed to overcome structural rigidities. Most organizations are Type B bureaucratic organizations.

**Type A Organization**  
(Process follows structure)

**Type B Organization**  
(Process overwrites structure)

**Type C Organization**  
(Linking Pin Organization)

Linking Pin organization, proposed by Rensis Likert, is an interesting organizational construct to promote both orderliness and fluidity in organizational structures and processes.

Another interesting organization structure is the linking pin organization structure. Rensis Likert proposed this linking pin organization. In rigid bureaucratic organizations the process has to confirm the structure with vertical interactions being encouraged are being found acceptable, but horizontal interactions being restricted. However, in flexible bureaucratic organizations process flexibility is allowed to overcome structural rigidities.

Most organizations are type B bureaucratic organizations. But to give a proper shape and structure to the bureaucratic flexibility you can have a linking pin organization wherein each lead position is linked 2, 3 other lead positions, one of them will be the vertical position and the two others or more could be the horizontal positions.

Therefore, you form triangles of vertically reporting as well as horizontally interacting functions this is the beauty of the Rensis Likert's linking pin organization.

(Refer Slide Time: 20:50)

### CHRO Can Guide Contextual Evolution of Organizations



The CHRO should design and put in place an organization structure that is contextually appropriate for the stage of a firm's business. The following illustrates the changing structures as firms scale up and scope up.

Organization Type	Functional	Regional	Strategic Business Unit (SBU)	Global Matrix
Product Organization (Companies go out to customers)	When domain expertise dominates	When customer and factor location dominates	When P&L responsibility drives	A combination of all
Service Organization (Customers reach into companies)	When domain expertise dominates When user experience needs to be validated	When prompt turnaround for large customer bases is required	When P&L responsibility drives	A combination of all



The above requires that the CHRO should be ahead of the curve in terms of business development. The following slide illustrates. The CHRO should not see organizational canvas as a chessboard for power play as some myopic CHROs do. By empowering the organization and the people, the progressive CHRO empowers himself or herself.



CHRO can guide contextual evolution of organizations. The main role of CHRO is to understand the business strategy and advice on the right organization structure that should emanate from the business structure which the senior leadership team designs. Let us look at the following illustration where the changing structures are seen as firms scale up and scope up.

Let us say organization type, product organization. It is functional when domain expertise dominates. But it becomes regional when customer and factor location dominates. It will become a strategic business unit when P&L responsibility drives and it will be a global matrix when a combination of all of these factors that is domain expertise, customers centric factors, location centric factors, and P&L responsibility come together.

Let us say a service organization where in the customers reach in to companies, in a product organization companies reach out to customers, whereas in a service organization customers reaching to companies. Like the patients getting into a hospital, the consumers going into a retail store, that is the service organization.

When domain expertise dominates and when user experience needs to be validated, you need a functional organization. However, when a prompt turnaround for large customer base is required, you need a regional operation. Amazon could be globally operating. But why does Amazon have different regional entities?



Because that is the only way in which the service can be offered with prompt turnaround and also with an eye on the type of products and devices that are required for the regional market. It becomes a strategic business unit when P&L responsibility drives and a combination of all comes up when the global matrix is decided to be the best option further.

So, as a company moves from the growth mode that is the startup mode through the ramp up mode, diversification mode and finally, the globalization stage, you require contextual evolution of organizations which means that the CHRO has to be ahead of the curve in terms of business development.

The CHRO should not see organizational canvas as a chessboard for power play as some myopic CHROs do. By empowering the organization and the people the progressive CHRO empowers himself or herself. If an organization desires that it would be the top of the class for environment health and safety it is necessary for the CHRO to come up with an appropriate EHS organization structure across the entire organization.

And also have a chief EHS officer put in place in the headquarters, so that the entire EHS mechanism is well established and well-coordinated. But if the CHRO takes the view that let us make do with the available talent and without recognizing the importance of the business strategy in wanting EHS to be the lead facet then the CHRO is not doing a great service for the company.

So, CHRO must be one who is more than a pusher of talent paradigms or pusher of performance paradigms. CHRO must also be a pusher of strategic initiatives in the organization.

(Refer Slide Time: 24:19)

### Different Types of Organization Structures – Timely Evolution

Each organization structure solves certain issues and provides certain solutions but also brings in its wake certain other problems. Many times organizational structures have to be reshaped with time.



While it is recognized that encouraging P&L responsibility to product, SBU or subsidiary levels is an optimal way to empower growth and develop leadership, not many organizations succeed in that.



There are different types of strategic structures I mentioned, and the timely evolution is also illustrated here. Different types of organization structures are required at different points of time of the evolution of a company. In the startup phase, we require functional organization which is compact and cohesive. In the linear growth phase, we require also a type of organization which is largely functional, but it has to be supported by regional and product organizations.

In the diversified growth phase, we require a product organization, regional organization or an SBU organization. In the multinational growth phase, you require a matrix organization structure with regional legal entity operation reporting to parent global functions.

While it is recognized that encouraging P&L responsibility to product SBU are subsidiary levels is an optimal way to empower growth and develop leadership. Not many organizations succeed in that. There is a great reluctance to provide in SBU structure as the organizations evolve.

This is because many functional leaders would like to control the evolution of various regions, various product organizations and that needs to be moderated by the CHRO. That is where a CHRO should have the personal gravitas to be able to deal with powerful CXOs and advise them on the right organization structure, on the right process structure, right process flow that is required as an organization grows.

(Refer Slide Time: 25:54)

### Relative Emphasis on Fayol's 14 Principles Among Diverse Organizations



Decades after Henry Fayol enunciated his principles of organization design and management, the 14 principles he enunciated are still relevant for the CHRO. Whatever be the structure, the 14 principles need to be integrated.

S. No.	Fayol's Principles	Manufacturing Organizations	R&D Organizations	Marketing Organizations	Start-up Organizations
1	Division of Work	H	M	M	M
2	Authority and Responsibility	H	M	M	M
3	Discipline	H	M	M	M
4	Unity of Command	H	M	M	M
5	Unity of Direction	H	M	M	H
6	Subordination of Individual Interest	H	M	M	H
7	Remuneration of Personnel	M	H	M	L
8	Centralisation	H	M	L	M
9	Scalar Chain	H	H	M	M
10	Order	H	L	M	M
11	Equity	H	M	M	M
12	Stability of Tenure	H	H	M	M
13	Initiative	M	H	H	H
14	Esprit deCorps	H	H	H	H

Note: In terms of applicability: H – High; M – Medium; L – Low

Start-up organizations tend to combine the characteristics of innovative and creative organizations such as R&D and Marketing which need to be technology-driven and customer-centric, respectively.



It is very interesting that decades after Henry Fayol enunciated his principles of organization design and management. The 14 principles he enunciated are still relevant for the CHRO. Whatever will be the structure the 14 principles need to be integrated. I have illustrated here in respect of manufacturing organizations, R&D organizations, marketing organizations and start up organizations how the Fayol's principles will be applicable and to what extent.

H indicates high applicability, M indicates medium applicability and L indicates low applicability. If you look at the division of work manufacturing organizations need to be really structured, the division of work has to be perfect whereas, R&D organizations must have flexible work structure.

While there should be a structure, but the creativity and innovation that is inherit in R&D organization requires flexibility, therefore, medium. And so, it is in marketing organizations and startup organizations. Authority and responsibility again are highly required in a manufacturing organizations and required to a medium extent in the other types of organization, so is discipline.

When we say that R&D and other organizations require a lower level of discipline, it does not mean that people need to be relatively in disciplined or undisciplined, what it means is that the rigor of doing work is so exacting in a manufacturing organization that

we call the discipline as high level. It is only a way of expression, but certainly not to say that R&D organizations could be less disciplined than manufacturing organizations.

Unity of command must be very high in manufacturing organization. If there is a problem on the shop floor the worker must clearly know, who should be approached and who would be the person who can be relied upon whereas, it is medium in various other situations.

Let us look at subordination of individual interest, there you will find that startup organizations have a very high subordination of individual interest because the personal commitment, personal ownership, personal inspiration, and passion are the drivers for startup employees to function the way they do even with lower salary. Therefore, subordination of individual interest to the company good takes place to the highest level in the startup organization.

Similarly, unity of a direction that is the founders view being the viewpoint of everyone else in the organization that also happens to a great degree in startup organizations almost like in manufacturing organizations. Remuneration of personnel is very high in R&D organizations medium in manufacturing and marketing organizations and pretty low in startup organizations.

Centralization again, very high in manufacturing organization, quite diffused in marketing organizations because one has to be closer to the sales points and take decisions which are relevant to the sales point requirements. You can go on like this, but what is important here is that when we design organization structure for a particular type of organization.

We also have to design the structure in such a way that the 14 principles are applied in the manner that these organizations require as unique features that is very important. For example, the friendliness parameter *Espirit deCorps* has to have highest level rating in all of these organization. The CHROs responsibility is to develop this spirit of comradeship across the entire organization whatever be the type of organization and whatever be the type of the business.

Startup organizations typically tend to combine the characteristics of innovative and creative organizations such as R&D and marketing, which need to be technology driven

and customer centric respectively. If within a manufacturing organization, you require an innovative organization set up clearly certain principles of this nature also need to be brought in.



Typically, manufacturing organizations also have small pilot plants where lot of experimentation takes place, lot of process creativity takes place, lot of prototyping takes place, in such cases you may have to depart from the principles of manufacturing organizations and apply the principles of R&D organizations and startup organizations. That is the importance of seeing this relative emphasis of the Fayol's 14 principles among diversified organizations.

(Refer Slide Time: 30:32)

**Igniting the Passion Spark**

The CHRO would need to work with the CXOs to ensure that the organizational capability is at a high level. It is an alchemy of multiple philosophies of work that need to be integrated in every individual in an organization.

Passionate energy of an individual is sparked by the positive approach of CHRO to create an organizational ecosystem that supports development, reinforcement and sustenance of passion and energy in employees.



And the CHRO's other responsibility is to work with CXOs to ensure that the organizational capabilities at the highest possible level. It is an alchemy of multiple philosophies of work that need to be integrated in every individual in an organization. When I say multiple philosophies of work, operations has a philosophy of work highest quality, lowest cost.

R&D has got its own philosophy the most creative in the best possible manner. Timeline is a bit secondary. Marketing the highest level of revenue in the least possible time. A legal department has to have very conformist approach and very reviewing type of approach to all aspects of work.

So, each department has its own differentiation and all these differentiating factors must be brought together on to a common platform and that is possible through having goals and results, ensuring that people are competent as well as competitive, people have the necessary aptitude as well as attitude, people are able to introspect as well as reflect, people are sensitive and sensible, they also have logic and perspective and they have purpose and focus.

Passion and energy are two sides of the same coin, the good CHRO ensures that the passion energy equation in the company and in the individual mindsets is of the highest order. The CHRO has the ability to spark the passionate energy of the individuals in an organization and therefore, create a passionate energetic organizational ecosystem which can develop reinforce and sustain the passion energy levels in employees.



(Refer Slide Time: 32:17)

**Employee Performance Appraisal**

Performance management is the responsibility of every manager and leader, even that of the individual. However, it is confused with performance appraisal – that too, confounded with the boss “playing the judge”. Performance appraisal is just one component, and comes with many positives and negatives in practice.

+	A methodology to achieve internal benchmarking and harmonization	Can have flexible cadence, though annual is the most common	Relatively standardized, applicable across hierarchy	Can align the team, against pre-set annual goals
	Used as a rating tool for salary increases and promotions	Can serve as a feedback tool on training and development needs	Review by direct supervisor and additional reviews by his boss (although rarely done)	Has HR as the nodal agency to drive the “difficult” responsibility
-	Hardly benchmarked with external competencies and performance	During the year changes affect the relevance of the goal-result process	Appraised employees receiving it only as ratings and salary changes	Superiors not trained or reluctant to give honest feedback
	Due to financial implications, force-fit of ratings	Subject to ‘recent’, ‘halo’ and ‘bias’ effects	Done in one go annually (bunched towards the year-end)	Seen as a HR responsibility

The strong association between annual performance appraisal and annual increments/promotions makes the performance appraisal a much anticipated as well as a much detested annual routine.

Let us come to one very important aspect of human resource management that is performance management. Performance management is the responsibility of every manager and leader even that of the individual. However, it is confused many times with performance appraisal and that too confounded with the boss playing the judge. Performance appraisal is just one component and comes with many positives and negatives in practice.

As we know performance appraisal is a sheet of paper or sheets of paper, wherein the individuals in certain cases are expected to talk about their performance in the year under

review, then the supervisor provides his own ranking of the various performance parameters, identifies the potential and then pass it on to the next level for a higher order review.

And then it goes to the human resources department, they kind of collate all the performance appraisals across the organization and then normalize and then say that ok, if this is the performance level this is the increment level to be given. In certain cases, the normalization is done apriori, the HR department says that during the year that is gone, the company has been able to get only this level of profitability and therefore, this is the quantum of increments that is available.

So, entire performance appraisal system has to be in the recognition of this muted performance of the company. So, on a positive note the employee performance appraisal is a methodology to achieve internal benchmarking and harmonization. It can have a flexible cadence though annual is the most common. Nobody is preventing anybody from doing performance appraisal on a quarterly basis or even on a monthly basis.

It is relatively standardized and it is applicable across hierarchy and across departments. A well done performance appraisal system can align the team against pre-set annual goals. It could be seen to be removing arbitrariness and boss dependent volatility or boss dependent favoritism.

It is kind of systems driven commonized way of looking at the performance of individuals and rewarding the performance. It could be used as a rating tool for salary increases and promotions because when you look at promotions you do not look at only 1 year performance, you look at 2 years, 3 years, 4 years performance. In which case, the performance appraisal system as it works over years provides a useful data bank.

It can serve as a feedback tool on training and development needs, because when the performance is rated in a particular manner, the causes are also analyzed and if one of the causes is lack of appropriate skills that could be flagged as the training and development need. It will also provide review by direct supervisor and additional reviews by his boss although it is rarely done. Typically, the boss's boss tends to agree with whatever the boss says.



Again this comes to another point of leaders trying to reach out or needing to reach out to various individuals in an organization, so that they understand what is going on at the grassroots level. We will come to that in a separate leadership model. It also has HR as the nodal agency to drive the very difficult responsibly. Often times, the leaders find it delicate to say that this is the level of increment or this is the level of rating.

When HR is involved as a standard body across the organization, it serves as a reference point for the leaders to execute the performance management matrix as also performance management rewards. On the negative side, a performance appraisal system as it exists today hardly benchmarks people with external competencies and performance.

Many times during the year changes affect the relevance of the goal result process. The goals are set at the beginning of the year, at the most they are reviewed in at the midpoint. But even the last quarter changes could affect the relevance of the goal result process.

Appraised employees receiving it only as ratings and salary changes. Performance appraisal in 99 percent of the cases, even today are seen as the rating procedures for salary changes and in some cases for promotions. Most of the time superiors are not well equipped or well trained and if, even if so they are reluctant to give honest feedback to their employees.

Due to financial implications one of which I mentioned earlier, HR department say that we cannot afford this level of increments therefore, even if the employee performances of the highest order because of certain other factors of performance, the performance is seen to be subdued as far as the ratings are concerned. And at times there is the force fit of ratings because if every department rates every of the employee at the highest level the outgo would be very high.

So, HR departments tell the other departments to adopt normal curve, only maybe 40 percent or 30 percent at the highest levels possible and then a taper off, and there should be definitely couple of outstanding candidates and couple of people who needed to be separated out.

Again, subject to recent, halo and bias effects. Most of the times because performance appraisal is such a complex process in terms of the paper bureaucracy or the even if it is

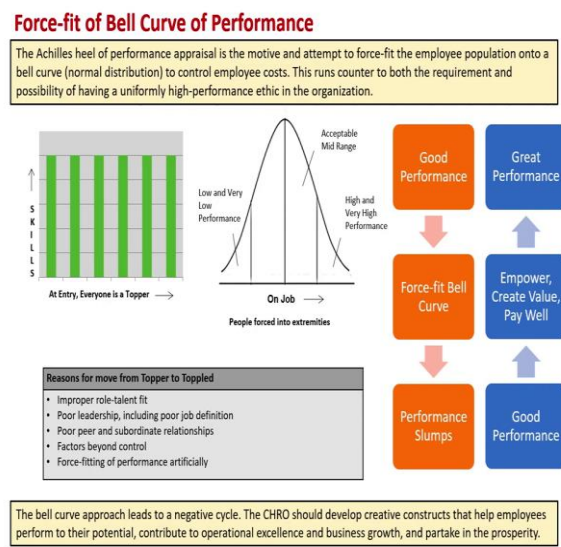
digital, it is a kind of digital bureaucracy. It is done in one go annually much towards the year end and it is seen as a HR responsibility.

Many times many leaders whether line or staff trying to dissociate themselves when the performance appraisal process and says that is a HR requirement. The ratings as well as the salary increases are also attributed solely to the HR departments. These are the negatives.

The strong association between annual performance appraisal and annual increments promotions makes the performance appraisal a much anticipated as well as a much detested annual routine. As a result of this, many companies have also dispensed with performance appraisal.

Microsoft is one company which has abandoned the bell curve. And people are wanting to do continuous feedback, continuous appraisal as the means to assess the employee performance provide the feedback and also make them go to higher levels.

(Refer Slide Time: 38:40)



When I say the force fit of bell curve of performance, let us see the; what shall we say paradox of the situation. At entry everyone is a topper. If the person is not a topper at the entry level in organization, the organization would not be taking that person in. In terms of skill levels, in terms of the attitudes and aptitudes, they meet certain high level benchmarks.

But after a couple of years they are expected to be performing as per a normal curve. So, on the job people are forced into extremities. Low and very low performance, high and very high performance being the outliers, acceptable mid range being at the middle level. So, the question for us is whether mediocrity is being promoted by this force fit of bell curve of performance; because for the first year you may have high level of performance.

But when the performance find that they have been force fitted onto a bell curve, a kind of self perpetuating hypothesis starts taking place and people say that if despite the performance I am going to get a lower rating and if the higher ratings are going to be random phenomenon why should I really exert myself.

So, there could be a negative spiral at work as well. But and also the HR systems all the performance appraisal systems not recognize that there are certain valid reasons, why a topper becomes a toppled person while working in an organization. One, there could be improper role talent fit. He could be the top of the range talent, but the role that has been offered probably was not the right role.

There could also be poor leadership including poor job definition on the part of the superior. Poor peer and subordinate relationships there is improper group dynamics within the department as well as between the departments. There could be factors beyond control.

It could be personal emergencies, personal difficulties or organizational emergencies and organizational departments. People may be moved from one department to another department temporarily to be able to cope with certain spikes and requirements and that could be seen negatively by the original departmental boss then the final thing of force fitting of performance artificially.

So, we have to look at the inequity of bell curve and the risk that the bell curve approach leads to a negative cycle. So, the good construct is that you have good performance and then the bad construct is that people put in good performance and then you start force fitting the bell curve at the performance slumps.

On the other hand, they good construct is that the people turn out good performance because it is good talent, then you create a value through empowerment, you pay them

well and make them inspired then there will be great performance. Good to great happens when you have this positive virtuous way of functioning in an organization.

The CHROs responsibility is not to administer the performance appraisal event or the performance appraisal process. The CHROs responsibility should be to develop creative constructs that help employees perform to their fullest potential contribute to operational excellence and business growth and partake in the prosperity. This responsibility of CHRO is almost akin into what I said in the earlier thing, the event, outcome, achievement, accomplishment, self-actualization kind of cycle.

Conducting a performance appraisal whether it is for 100 people or 1000 people or 10000 people could just be an event or an outcome depending upon how it is done. But if it is done in such a manner that individually every employee is inspired and collectively the organizations competitive advantage is heightened with greater performance, greater competitiveness in the market place.

Then the CHRO has self-actualized himself or herself. That is what it means to have a good to great performance being leveraged or being made possible by the CHRO.

(Refer Slide Time: 42:52)

### Challenges and Opportunities in Performance Management



The challenges and opportunities in performance management or many. The company must integrate performance appraisal with cultural anchor. You cannot have a

performance appraisal system which does not recognize the co-values of the company they must be part of the performance appraisal system.

The appraiser and the appraised must be domain savvy as well as business savvy. The appraisal must be a mentor rather than a reviewer. Appraiser and appraised should have quality time at their disposal for appraisal. If they do not have the time at disposal they should as well make available such time. Appraiser and appraised must have internal and external benchmarks of performance.

Appraiser cannot be a cocooned executive leader and say that my executives are performing well. The leader must be meeting executives from other companies or understanding from the literature, the other executive parameters from other companies and other industries, and then give the feedback to the executives and also appraise them appropriately.

And while appraising the various cultural anchors which are required usually in a company which is the customer centricity, the operational excellence, employee empowerment, quality excellence, safety, environmental protection, integrity, accountability, must be given due credence in the performance appraisal process.

(Refer Slide Time: 44:13)

### CHRO and Digital HR

CHRO, like other functional heads, should be a digital pioneer not only for HR domain but also lead the effort to bring in digital savvy functional personnel and popularizing digital L&D within the firm.



Digitization would help remove bias, improve engagement, and enhance productivity in HRM but firms would still need the human touch for organizations to truly excel and stay competitive.



Like with all the other functions, digital has got important connectivity with the human resources function, CHRO and digital HR are closely intertwined. CHRO must be a

digital pioneer not only for HR domain, but also lead the effort to bring in digital savvy functional personal and popularizing digital L&D within the firm. If operations has to be digitized the lead has to be taken by the CHRO.

If the compliance function has to be digitized that is in the legal and secretarial function, the lead has to be taken by the digital oriented CHRO. So, what is digital HR require? It is not only leading the other functionaries into digital world, but also having a demonstrated digital deployment within the HR function by itself.

Virtual recruitment can be done using artificial intelligence that is the interview process can be conducted with artificial intelligence. Although they may not substitute at least they could do front level or the first level elimination. Second, there could be virtual reality for learning and development.

Third, there could be several facial recognition tools that are deployed wherever people movement as well as people quarantine in certain high security regions are required that is the facial recognition tools for you. You should have digital employee engagement. Lots of FAQs could be made available. There could be humanized chat boards from the HR department which council which provide solutions for employee issues.

There should be digital team collaboration. We have got the digital tools today of web conferencing being used very widely, but then each company could further improvise on that and make sure that they have more flexible connectivity even in this work from home paradigm.

And finally, there should be wellness and productivity wearables that are made available to the employees. In particular, there should be also wellness and productivity wearables that are made available to the employees in certain functions. Digitization would help remove bias, improve engagement and enhance productivity in HRM. But firms would still need the human touch for organizations to truly excel and stay competitive.

What is this human touch? What does it mean? That is an extremely important aspect to be considered by this CHROs.

(Refer Slide Time: 46:38)

### CHRO in the Lag

Everyone agrees that people are the primary assets of a firm, and CHRO is a key CXO. Yet, very few CHROs eventually succeed in becoming the CEOs when the time comes for leadership succession. Step-up in CHRO role is a primary need.



The trend of CHRO operating silently in stoking organizational dynamics (and at times being the opposite of being an empathetic leader) needs to be reversed for the CHRO to stake a resolute claim for CEO succession.



But before we come to that, let us look at the positioning of the CHRO in the leadership transitions and also in the CEO transitions. Everyone agrees that people are the primary assets of a firm and that CHRO is the key CXO. Yet very few CHROs eventually succeed in becoming the CEOs when the time comes for leadership succession. Step up in CHRO role is the primary need.

There has been a leading pharmaceutical company which has tried out this CHRO in finance roles as well as in generic leadership roles. However, the CHRO finally, had to come back to the CHRO role. And given that wide exposure the CHRO had, probably the CHRO should have qualified for deputy CEO at least or as a joint managing director that did not happen.

So, even when the best of opportunity was provided and even when the CHRO was seen by the leadership as potentially capable of becoming a CEO, the actual transition to the CEO did not happen. So, the question is that there is a lag as far as this step up in the CHRO roles is concerned in this C-suite.

The reasons are 4, one, many CHROs are content to be backroom partners rather than lead from the front. CHROs do not get and also do not seek equal opportunity in business initiatives including M&A. I have personally seen CHROs coming toward the later part of the merger and acquisition discussions and the too as part of certain due diligence of HR aspects rather than being a member of the M&A team from the very beginning.



And if CHRO is the member of the M&A team various factors relate to the culture the secret recipe for success of such organizations that are being acquired, and the drawbacks of either the trade unionism or the employee militancy or the positives of the employee productivity and friendliness, the cultural anchors all of these things would be brought in upfront.

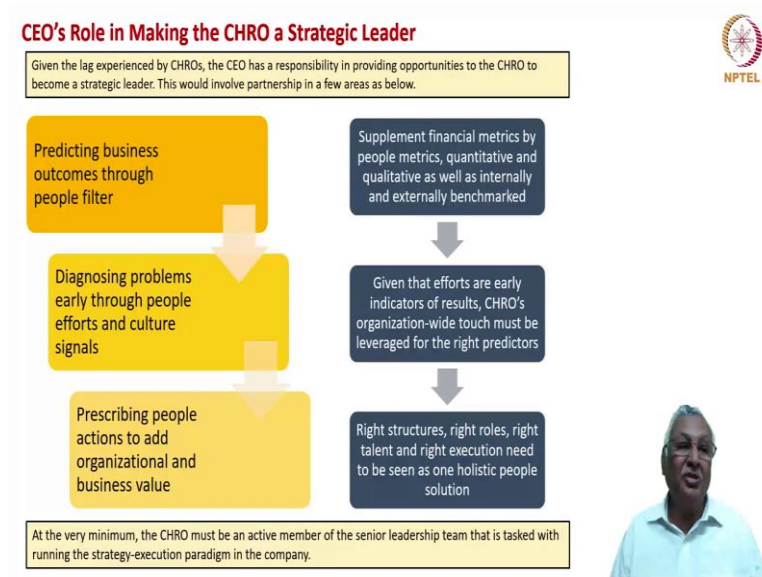
And they would have their own weightage in terms of the overall M&A decision. Therefore, it is important that CHROs seek and also get equal opportunity in various business initiatives. Many times CHRO also acts as the person who conducts certain organizational power play on behalf of this CEO. And that provides a partisan colour to this CHRO.

CHRO has to be completely objective and make sure that even if the CEO wants certain organizational dispensation, the principles of equity and justice require a different kind of organization dispensation that the CHRO must be capable of highlighting. Typically, CHRO also tend to have limited interactions with the board and investors reducing the visibility that also needs to be avoided.

From transformation of culture to improvement of agility and up gradation of talent CHROs have great roles to perform. And given these great roles why not the CHROs must be considered as potential CEOs. The trend of CHRO operating silently in stoking organizational dynamics and at times being the opposite of being an empathetic leader needs to be reversed for the CHRO to stake a resolute claim for the CEO succession.

And apart from that as with other functionaries aspiring to become the CEOs, the CHRO must have functional acumen and absorbing power with regard to the other domains, that is he should be reasonably business savvy, reasonably technologies savvy, reasonably operation savvy. Then only, the CHRO would be in a position to step into the CEO position.

(Refer Slide Time: 50:39)



Given that CHROs typically have a lag in reaching up to the CEO position, the CEO has a responsibility in providing opportunities to the CHRO to become a strategic leader. This would involve partnership in a few areas as below, predicting business outcomes through people filter, diagnosing problems early through people efforts and culture signals, and thirdly prescribing people actions to add organizational and business value.

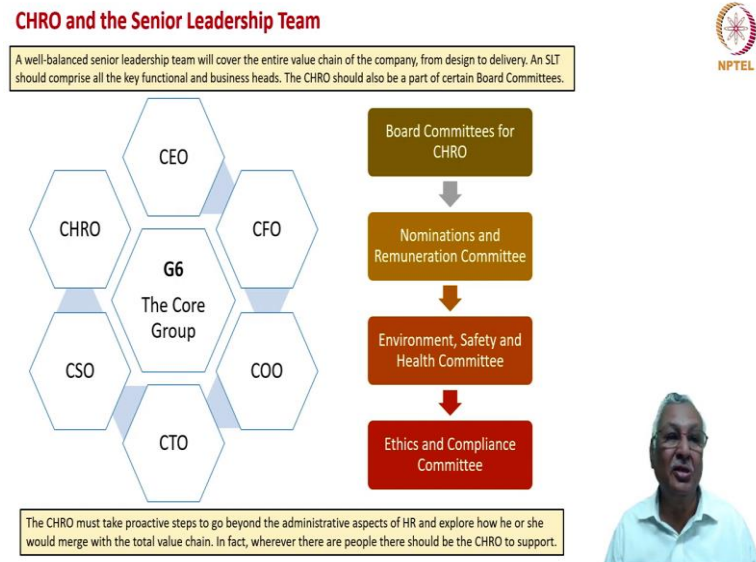
So, we should be able to supplement financial metrics by people metrics both quantitative and qualitative as well as internally and externally benchmarked. This is a role only the CHRO can do. And when the CHRO does that and presents it to the CEO and the board, the CHROs role in managing the business strategy and business execution becomes pretty obvious.

Given that efforts are the early indicators of results, a CHROs organization wide touch must be leveraged for the right predictors, that is many times we say that there is no point in assessing results because they are post facto appraisals. You should assess the efforts as they are taking place because the result could be predicted based on the efforts.

A CHROs connectivity across the organization is a great process tool that is available to be able to assess the efforts that are taking place in pursuance of the strategies and the goals. Right structures, right roles, right talent, and right execution need to be seen as one holistic people solution. At the very minimum CHRO must be an active member of the

senior leadership team that is tasked with running the strategy execution paradigm in the company. That is the bare minimum which the CHRO should aspect for.

(Refer Slide Time: 52:25)

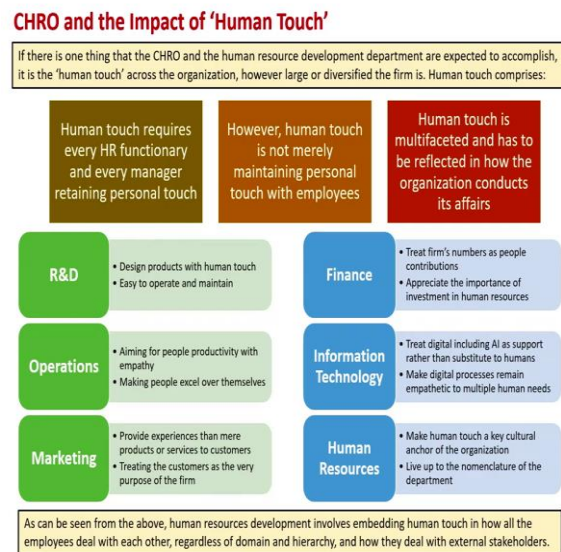


I constitute a core group of G 6, a well-balanced senior leadership team that will cover the entire value chain of the company from design to delivery. An SLT should comprise all key functional in business heads. This CHRO should also be a part of certain board committees.

So, he will be an equal member of the SLT headed by the CEO. CFO, COO, chief technical officer, chief strategy officer, chief human resource officer should at the minimum be the core group. Board committees for CHRO such as nominations and remuneration committee, environment safety and health committee, ethics and compliance committee, would provide greater exposure to the board for the CHRO.

And also it provides great opportunities for the board to assess CHRO's ESG approach and how the CHRO could make cultural transformation possible in an organization. The CHRO must take proactive steps to go beyond the administrative aspects of HR and explore how he or she would merge with the total value chain. In fact, wherever there are people, there should be the CHRO to support. That should be the goal of the CHRO.

(Refer Slide Time: 53:40)



We talked about the human touch earlier. Human touch does not mean only being humanistic in the approach. If there is one thing that the CHRO and the human resource development department are expected to accomplish, it is the human touch across the organization, however larger or diversified the firm is.

Human touch comprises 3 basic elements. It requires every HR functionary and every manager retaining personal touch with every employee. However, human touch is not merely maintaining personal touch with employees. Knowing a person by the name or saying hello that is not merely the human touch. Human touch is multifaceted and has to be reflected in how the organization conducts its affairs.

Let us take a few examples. If you are doing R&D, the R&D scientist and technologist must be able to design products with human touch, nice to hold, an elegant form factor, a kind of elegant packaging. These are all the ways in which an R&D scientist predominantly dealing with science and technology has the human aspects of the product in mind.

It should be easy to operate and maintain. It should be ergonomic product. These are the human elements that get ingrained from the human touch. In an operations environment, should be aiming for people productivity, but with lot of empathy. Making people excel themselves not excel over others necessarily. Marketing, provide experiences than mere products or services to customers. Treating the customers as the very purpose of the firm.

In respect of finance, treat the numbers generated by the firm through operations as people contributions not just machining output or product delivery numbers. Finance should appreciate the importance of investment in human resources. If it is information technology, treat digital including artificial intelligence as support rather than substitute to humans.

Make digital process remain empathetic to multiple human needs. And if it is human resources, make human touch a key cultural anchor of the organization. Live up to the nomenclature of the department which is human resources department, human resources, human resources department.

As can be seen from the above human resource development involves embedding human touch in how all the employees deal with each other regardless of domain and hierarchy and how they deal with their operations, with their goals, and also with all the external stakeholders. That is real human touch.

An organization becomes an embodiment of human touch in all its operations, in all its relationships, that is the ultimate contribution which the CHRO can make for an organization.

(Refer Slide Time: 56:24)

### CHRO, 'Human Touch', and the Covid situation

Covid-19 pandemic, amidst the huge human and humanitarian tragedy that it is, brought in a massive shift to work-from-home for all office goers. This has enabled at least some of the economic sectors function amidst the lockdown. Even after pandemic subsides and offices reopen, there may not be a return to status quo ante.



In the post – Covid-19 situation, the pervasive digital touch may lead to loss of human touch which has been the hallmark of the contemporary business process and office architecture

Redesigning the office premises and environments for safety and productivity

Arriving at a contextually fair balance of work-from-home and work-from-office

Balancing between bringing people to products/services and vice versa

There are no reliable projections – nor are there effective solutions at this stage. The CHRO has to display a proactive, flexible and agile approach, keeping people safety, social stability, and economic sustainability in mind.



CHRO, human touch, and the Covid situation. Covid-19 pandemic as we know brought in huge human and humanitarian tragedy. It brought in a massive shift to work from

home for all office goers and even from factories whoever could work from home began working from home. For example, planners, schedulers and others. This has enabled at least some of the economic sectors function amidst the lockdown.

In the post Covid-19 situation, the pervasive digital touch may lead to loss of human touch. In the past, in the office and factory settings, human touch was predominantly available by the way operations took place, the way the processes took place. But today lack of human touch and preponderance of digital connectivity is the theme.

So, what should the CHRO do? Redesigning the office premises and environments for safety and productivity, so that people could return to the offices. Arriving at a contextually fair balance of work from home and work from office. Balance between bringing people to product, services and vice versa. There are no reliable projections.

Nor are there effective solutions at this stage; how the human touch can be embedded in the next normal that would certainly come about over the next few months. But the CHRO clearly has to display a proactive flexible and agile approach, keeping people safety, social stability and economic sustainability in mind that is required.

(Refer Slide Time: 57:55)

**CHRO's New Agenda – Reskilling the Workforce**

Covid-19 has led to such dramatic shift that reengineering of business practices and reskilling of workforces has become a huge priority for the human resource departments of firms, across industries.



Distance Economy	Remote Working	Restructured Businesses	Reskilling Workforces
Hospitals, Clinics and Healthcare	Malls, Theatres, Public Places	Tourist Spaces, Hotels, Restaurants, Hospitality	
Air travel, Rail Travel, Public Transport	Universities, Colleges, Schools	Banking, Financial Services, Insurance	

Digital substitution is possible in many of these sectors but only to a limited extent and a limited horizon. CHRO must be a participant in strategic thinking related to restructuring of businesses and reskilling of employees.



The new agenda of the CHRO correspondingly is also reskilling the workforce. Covid-19 has led to such dramatic shift that re-engineering of business practices and reskilling of

work forces has become a huge priority for the human resources department of firms, across industries.

Distance economy is coming in, remote working has already come about, businesses are likely to be restructured and all of these things will need to be fulfilled by rescaling of work forces. Primarily certain areas of economy are finding the crying need for these kinds of restructured business opportunities and reskilled workforce availabilities, hospitals, clinics and health care.

Malls, theaters, public places. Tourist spaces, hotels, restaurants, and hospitality. Air travel, rail travel, public transport. Universities, colleges, schools. Banking, financial service, and insurance. A whole gamut of service delivery options are facing the need for restructured businesses which also would have re-skilled work forces and probably better working practices, safer working practices without losing the human touch.

Digital substitution definitely is possible many of these sectors, but only to a limited extent and in a limited horizon. CHRO must be a participant to strategic thinking related to restructuring of businesses and reskilling of employees.

(Refer Slide Time: 59:24)

### The New CEO Agenda – CHRO Partnership

The CEOs and Boards are busy with new business imperatives in the post – Covid-19 environment. While companies have been remarkably resilient and agile thus far, fundamental restructuring is considered imperative.



CEO, CHRO, and other CXOs must recognize that every element of the above involves people. The CHRO needs to be proactive and emerge as the most important partner for the CEO and Boards in navigating through the new future.



The new CEO agenda must therefore be partnership with CHRO. Just as the CEO somewhat naturally partners with the R&D leader, operations leader, the marketing leader, the CEO must also partner equally naturally with the CHRO. As the CEOs and



board are busy with the new business imperatives in the post Covid-19 environment, companies have to be resilient and agile far more than they have been so far and for which if fundamental restructuring has to be done, that those things must be done.

And in this, as all business restructuring would involve people both for implementation as well as to cope with any adverse effects or utilize the extra opportunities that become available, the CHRO must be the most important person to partner with for the CEO in business restructuring as well as organizational restructuring.

New business models, new business horizons, redeploying workforce, must be looked at from a strategic level along with the CHRO. How to lower the break even? How to shift the operations? How to retrain employees? Must be looked at from an operation excellence point of view along with the operations head as well as the CHRO.

Introducing new products and services, continuously developing new hybrid models, and increasing leadership communication, must be looked at in association with marketing head, the quality head, the R&D head, and also with the CHRO as an example of this interaction that is required.

CEO, CHRO, and the other CXOs must recognize that every element of this new requirements involve people. The CHRO needs to be proactive and emerge as the most important partner for the CEO and boards in navigating through this new future.

(Refer Slide Time: 61:19)

### Characteristics of Human Resources Leader

To get the clout within the C-suite and the Board and position as a potential CEO, the HR leader or the CHRO must possess the following characteristics.



A successful human resource leader is one who understands the link between people, strategy and execution and partners the CEO in driving the business in current, emerging and futuristic horizons simultaneously.



Given the discussion we have had on the multifarious requirements of the chief human resource officer or the human resources function and the enormous connectivity the CHRO has with all the SLT members and also with the organization both vertically and hierarchically.

And also with the additional requirement of getting the needed clout within the C-suite and the board, and also for positioning oneself as the potential CEO, the HR leader or the CHRO must break the mould and possess several new characteristics that are not typically attributed to the CHRO.

One, ability to conceptualize and manage the people function globally with multinational and multicultural sensitivity. Change management capabilities including cultural transformations to support business growth. The objectivity and credibility needed to advise and guide the CEO and the board on matters of human resource management across the global organization.

The stature and the personal gravitas to work with the CXOs to influence their thinking on matters relating to human resource development. The ability to work with the CEO on CXO successions and with the board on CEO succession. If CHRO gives an opinion on the readiness of the leaders to succeed their superiors that must be given the highest weightage because the board or the CEO believes that CHRO has nothing but objectivity in mind.

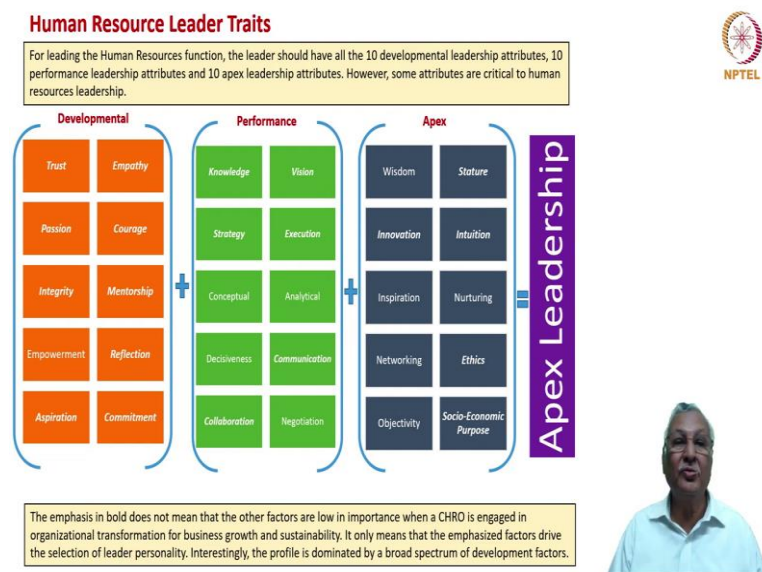
Should be technology and digital requirements go to the higher level, the CHRO should be able to bring in requisite technologies for optimal human machine interactions and technology business interfaces. And finally, the CHRO should be the torch bearer for gender diversity and stamping out of all kinds of discriminations in organizations on whatever consideration.

So, the organizations would be differentiated by the HR. I told you as part of this lecture that the core competence of any high performing organization is not necessarily the products or the markets, or the marketing ability or the operational excellence. The core competence of a high performance organization is the ability to attract, develop and retain the best possible talent.

Therefore, the HR differentiator is the one which is the core competence of an organization and that comprises the ability to grow talent and leaders internally and also the ability to turn human resources into competitive differentiation for the organization. A successful human resources leader is one who understands the link between people, strategy, structure, and execution and partners the CEO in driving the business in current, emerging and futuristic horizon simultaneously.

The CHRO must have the same level of business vision which the CEO and other CXOs would have in terms of current horizon, the emerging horizon as well as the distant horizon, that is the requirement set of the human resources leader. Obviously, all of these come from the basic leadership traits, qualities, competencies, which the leader is expected to possess.

(Refer Slide Time: 64:35)



As I said in respect of the other 4 leadership dimensions as well, the 30 characteristics of leaders the 30 attributes of leaders, that is 10 developmental competencies, 10 performance competencies, and 10 apex competencies are necessary for the human resource leader as well. However, for the human resources leader to tick significantly certain things are required in a little higher level.

Trust, empathy, passion, courage, integrity, mentorship, reflection, aspiration, and commitment are very much required from the developmental cluster. In fact, almost all of the developmental items are required for the HR leader to have. Similarly, from the

performance cluster, knowledge, vision, strategy, execution, communication, collaboration are required. And from the apex cluster stature, innovation, intuition, ethics, socio economic purpose are required.

As I said with respect of the other leaders is not that the other parameters which are not shown here in bold italics are not that important. They are also equally important, but to shape the special requirements profile of a HR leader some of these things would need to stand out.

And when they merge in a synergistic fashion with the other leadership competencies, the special requirements profile of the HR leader is fulfilled. And that makes the CHRO contribute to the competitive development of the organization and making the organization the best known organization in the industry, a role model for everybody to follow.

So, with this we come to the end of not only human resources leadership, but also the theme of functional leadership models. We will meet in the next lecture.

Thank you.