

HR in the era of globalisation and automation



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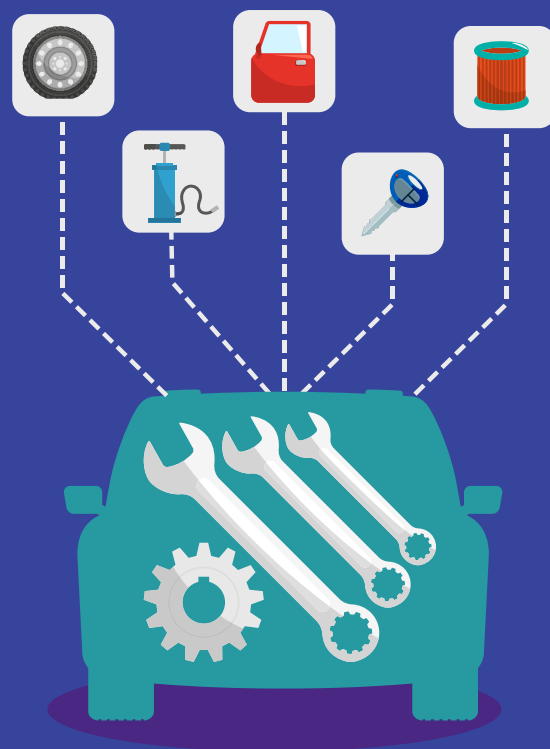
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The automotive component industry in India

Over the last few years, the Indian automotive component industry has progressed remarkably and created a space for itself at the international level by benchmarking against global standards and meeting delivery schedules. With a contribution as high as 25.6 per cent to the manufacturing Gross Domestic Product (GDP) and 2.2 per cent to the national GDP, the Indian automotive component sector has received significant global attention from stakeholders as well as the Indian government.¹

In line with the government's 'Make in India' campaign, and the investments made thereof, the industry is expected to see an exponential increase in demand in the times to come. The Automotive Mission Plan 2016-2026, aimed at boosting the Indian automotive industry's contribution to the 'Make in India' and 'Skill India' campaigns, is further expected to contribute to the industry's growth trajectory and place it in the league of top three countries in the world in engineering, manufacturing, export of vehicles and auto-components. However, the survival and sustenance for this industry in these volatile, uncertain, complex and ambiguous (VUCA) times, may involve constant perils as well as numerous avenues for innovation. In order to capitalise on the opportunities at hand, essentially the industry has to constantly evolve, develop or acquire technologies and capabilities to

meet future needs. At the same time, it must address an array of complex challenges around digital disruption, globalisation, redefined business models, automation and the changing needs of talent.



The need for digitisation and automation in the automotive component industry

For the automotive component industry, innovation in production techniques, product quality and delivery methods, are vital for both competitive advantage and long-term success. Indian automotive component manufacturing companies need to extensively leverage automation and digitisation to achieve their overall organisational goals. In the era of globalisation, the success of an automotive component organisation is and may be continually determined by its ability to not only become agile and globally competitive, but also by its ability to deploy automation - both at the production stage as well as in making support decisions that ultimately cascade down to operations.

In this scheme of things, organisations are expected to increasingly move towards the digitisation of Human Resources (HR) services. More so, the opportunities created by digital transformation and innovation are huge, paving the way for transformation not only in business models, but also in people management practices. Rising digitisation is making companies rethink their value proposition to both customers and employees and revisit their business models and operating principles.

Hence, the question, we all are trying to answer is: What does the future business landscape look like? How do the expectations of the HR function change as its importance increases proportionally with the speed of change?

1. IBEF - India Brand Equity Foundation

Rethinking HR in a changing world

HR is continuously evolving into a technology-based profession. Increased mobility and cloud computing are allowing employees to work from any corner of the world, giving companies easier access to the right talent pool, irrespective of location and geography. Data analytics, on the other hand, is helping employers

connect the dots and make faster decisions. Additionally, the application of robotics and cognitive automation in HR comes with immense potential to unlock further value by driving a higher order of process efficiencies leading to sustained cost reduction and reduced errors.

41% are looking to change the HR structure in order to:

Gain further efficiencies

58%

Improve quality

45%

Save costs

39%

80%

Will spend the same or more on HR technology



34%

are adding scope to their HR Shared Services functions



84%

See better functionality as the primary benefit of implementing a new HRMS

42%

will replace their existing, on-premise HR system with a SaaS solution



Top 3 HR initiatives:

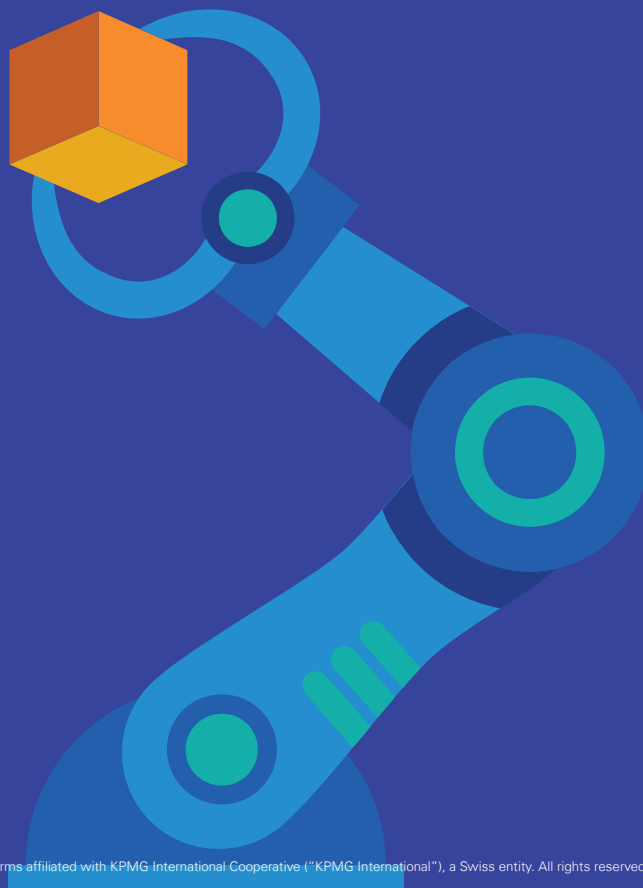
- #1 improving Line Manager effectiveness
- #2 Re-engineering key HR processes
- #3 Refocusing the role of HRBPs

58%

are using or planning to use mobile technology

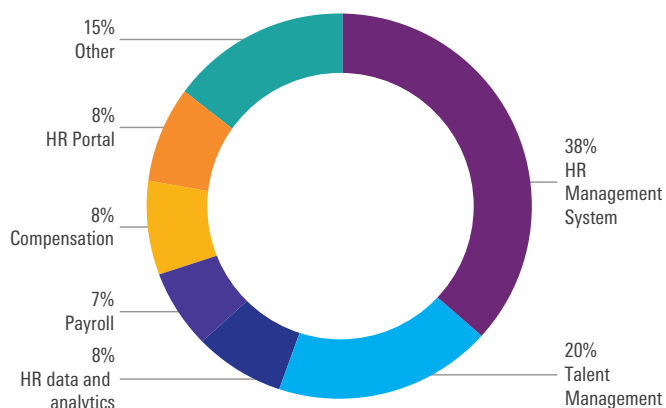


Source: KPMG's Global HR Transformation Survey 2016, KPMG International





Globalisation is leading to increased competition making it imperative to take a closer look at global industry trends and respond in consonance with global market requirements. Organisations are increasingly investing in their existing Human Resource Management Systems (HRMS) to match up with changing technology and opportunities for industries and achieve better functionality, ease of management and lower ongoing costs. While SAP and Oracle continue to be the prevalent primary HR management systems providing digitisation of HR services for larger organisations, there is an increasing focus on Software as a Service (SaaS)/cloud-based and self-service solutions. These solutions are also compatible with hand-held devices and are scaled to include expenses, payslips and timesheets. Historically, organisations have also invested in creating highly informative and employee-friendly HR portals. However, only 15 per cent have reported positive on the effectiveness of their portals. The majority face challenges linked to access limitations, updated content and overlapping websites.²

Biggest areas of investment in the digitisation of HR services



Source: KPMG's Global HR Transformation Survey 2016, KPMG International

HR Transformation trends

Changing technology	Optimising HR shared services	Organisation as a customer	Business partnering	HR data and Analytics
Adopting technology advancements to enhance user experience and drive transactional efficiency	Leveraging HR shared services to increase customer service, drive operational effectiveness and manage costs	Putting employees and managers at the centre of all HR interactions	Refocusing the role of the HR Business Partner to meet changing business needs and changes in the HR operating model	Enabling HR and business leaders to combine data and decision-making to optimise workforce investments
				

². KPMG's Global HR Transformation Survey 2016, KPMG International

Human resources - The change catalyst

The automotive component industry in India is in its transformation stage vis-à-vis profitability and growth. The need for a much greater focus on the strategic initiatives of the human resource function is, therefore, apparent and becoming critical for organisations in this industry to drive real transformation that supports organisational priorities and creates value for the future. The need of the hour is for the human resource function to break into the 21st century and deliver data-driven insights, smarter decision-making and significant new value for the bottom line. While organisations do have capabilities to automate their processes, more often than not, it is seen that the data is not used for predictive analysis or future manpower projections. The HR function needs to step up and act as an enabler for this change to help drive a smooth transition through intensive up-skilling initiatives in line with the changing industry demands. Furthermore, there is a need to build a culture that embraces and rewards production and manufacturing excellence. The HR function must leverage on India's advantage of a multi-generational workforce and its rich talent demographic to shape

a strong and purpose-driven workforce. For this, the skill demand of the industry and workforce supply gap needs to be bridged by leveraging technology or otherwise, through tools such as online assessments, specialised online trainings, industry apprenticeship programmes etc.



Macro HR trends


HR strategy




Changing workforce



Changing economic/ business landscape



Talent scarcity and Talent optimisation



Changing technology



Changing role of HR

- Agile workforce
- Generational diversity
- Cross-cultural understanding

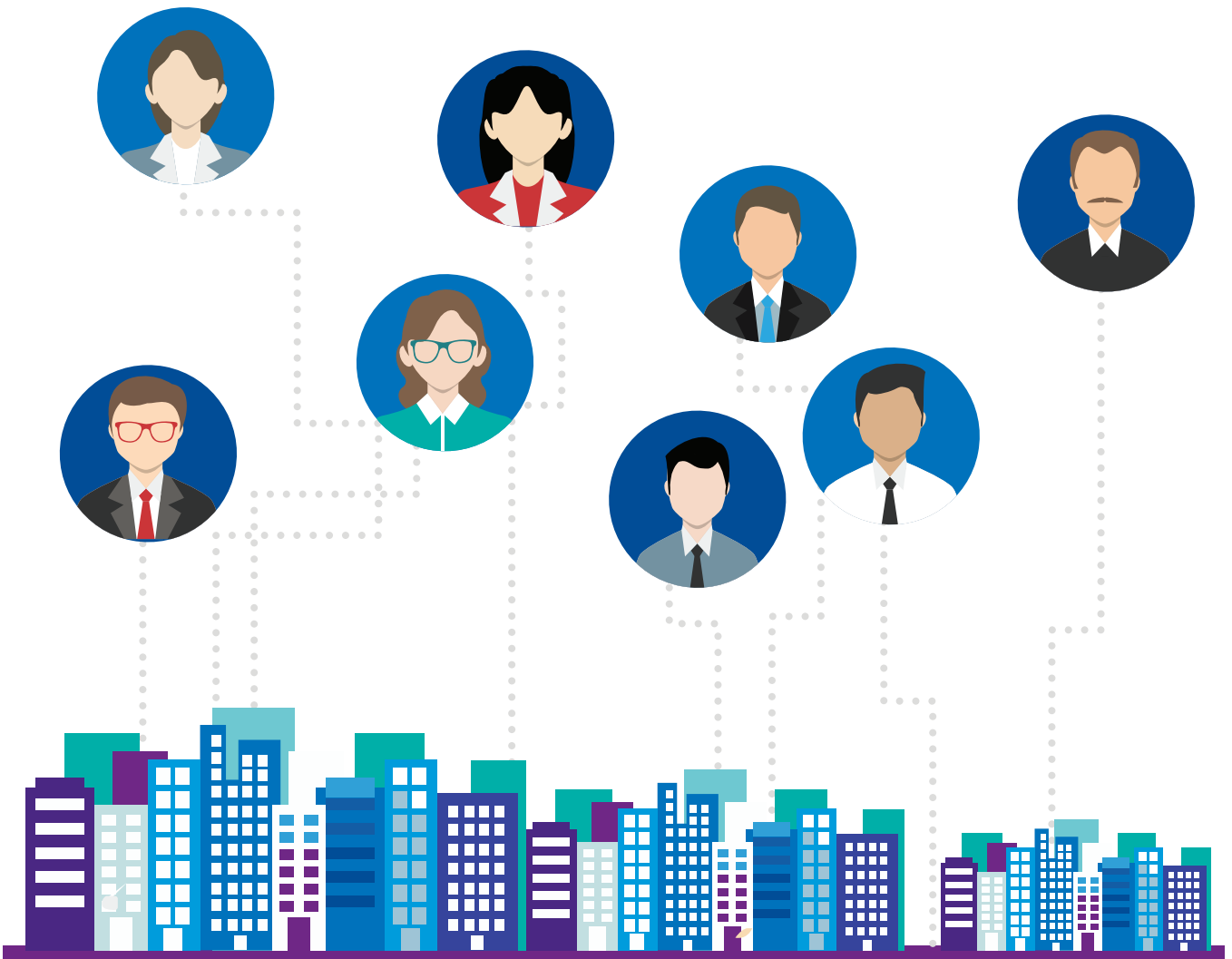
- Regulations and legislations
- Globalisation

- Scarcity of talent
- Talent management
- Employee engagement

- HR on Cloud
- Use of social media
- Mobile applications, use of smart phones
- HR analytics

- HR as a strategic partner
- HR shared services and outsourcing

The HR's journey to the future is expected to leapfrog into emphasis on data-driven and number-backed insights and extensive use of technology to develop people capability and enable organisations to operate more effectively. We may see a huge shift in management practices in times to come to accommodate a rapidly fluctuating world of work, and this could have the biggest impact on the working styles of information workers of the world. Organisations may therefore, have to be prepared to undergo new learning cycles and adapt themselves to these new challenges, not only to survive, but to succeed. And the HR function will play the most critical and strategic role in shaping the future of the organisation by building its greatest asset – its people!



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