

A

RVIND AGARWAL, THE president of Mumbai-based RPG Group and head of its human resources (HR) function, says, "Our chairman (Harsh Goenka) spends as much as 30-35 per cent of his time on HR initiatives. HR

is not a support function, but a business driver in our group." Even if Goenka devoted half that much time, that's saying a lot for a person who heads a \$3-billion enterprise with more than 20 companies in sectors as wide ranging as software and power transmission. That also says a lot for the importance of HR today. HR has become strategic, because capital is now an easily available commodity, but people are not. So, the only constraint to growth is people. And that is a new problem for Indian companies.

Agarwal and Goenka are not alone. HR has acquired a different hue across corporate India. "Now, HR is actively involved in all strategic decision-making of organisations," says Degala Subramanyam, HR head of Minda group, a mid-sized auto-components company in Delhi.

This change, and the fact that the HR budget is now about plan-for-growth and not plan-for-cost, drove the 2008 edition of *BW's* salary survey beyond giving figures on salary or growth. Along with Emmay HR — India's second largest recruitment firm and part of the European Randstad Group, the world's third largest employment services company — *BW* has made the survey more comprehensive by covering costs, compensation and benefits across 12 sectors.

However, while HR has moved up the value chain, there is still conflict within boardrooms and with other functions such as finance and marketing on the importance given to it.

The First Sign Was People

The rising importance of HR was first noticed when key professionals were hired or shifted to the function. In May 2006, T.V. Mohandas Pai, then the CFO of IT bellwether Infosys Technologies for 12 years, was made its HR chief. Expectedly, whispers about Pai being demoted did the rounds. But in the noise of conspiracy theories, a fact was forgotten. Infosys hired more than 25,000 people in the year Pai took over, and growth was dependent on these people, not on financial innovations.

Several companies followed suit and, today, many groups have HR heads who are top performers and are not necessarily from within the HR function. And it's happening in the opposite direction as well, with HR heads also moving

The HR function gets its due recognition as a critical element for growth as companies across industries face a run on talent

into business roles in progressive companies.

Take, for example, Hyderabad-based Satyam Computer Services, a top five IT services company in India. S.V. Krishnan, who headed its largest business unit, GE business for several years, was chosen to lead Satyam's HR function in 2007. He replaced Hari T., who after six years at the helm of HR, moved on to an equally, if not more, strategic role as head of marketing.

The change is taking place even in conglomerates. Lav Shelat, who heads HR at Delhi-based Avantha Group, a \$ 3.5-billion group led by Gautam Thapar, came from Motorola Canada where he was regional head of HR. And Vineet Chhabra, whose position was taken by Shelat, actually moved on to head a group company — Global Green, a maker of pickled gherkins that services customers across 23 countries.

This changing role of HR in Indian companies has, apart from bringing about a mindset shift, led to a recalibration of budgetary planning for the function.

Changing Contours Of The HR Budget

Planning an HR budget? That might have been an incredulous query in the recent past, when it was only about taking current salary cost and projecting it for next year. Now, however, planning an HR budget is a complex job, as there are several new components to it. Says Avantha's Shelat, "Top management has become very involved in planning the HR budget."

That level of involvement has come about because an HR budget today has to factor in components such as recruitment costs, retention costs, alternative compensation plans, and employer branding initiatives. Given that these components were insignificantly small in earlier years, it's not surprising that, in pure rupee terms, they are growing at anywhere between 15 per cent and 25 per cent every year.

Take recruitment costs, for instance. A few years ago, all you needed to do to hire people was advertise in a popular daily newspaper. Today, it's about hiring the right recruitment

