

# Building human capital - II

In every single CEO survey, the war for talent features as the biggest challenge in fast-growing economies. The industry has a huge role and enlightened self-interest in ensuring a robust pipeline of talent



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**T**HE government needs to raise the bar on higher education. This entails increasing opportunities for enrolment as well as improving the quality of higher education. Key to achieving this will be to encourage private investment in higher education and also bring greater accountability among institutions for their performance. On some of these, the government has taken definitive steps. It is planning to start 16 new central universities, eight new Indian Institutes of Technology and seven new Indian Institutes of Management. To catalyse rapid growth, the government is now encouraging private participation. While this is a good start, it still remains a hugely unexploited opportunity. The government is seeking to bring more transparency and accountability in higher educational institutions through a bold new regulatory regime, the National Accreditation Regulatory Authority. This is now setting the much needed direction towards a step change in building human capital.

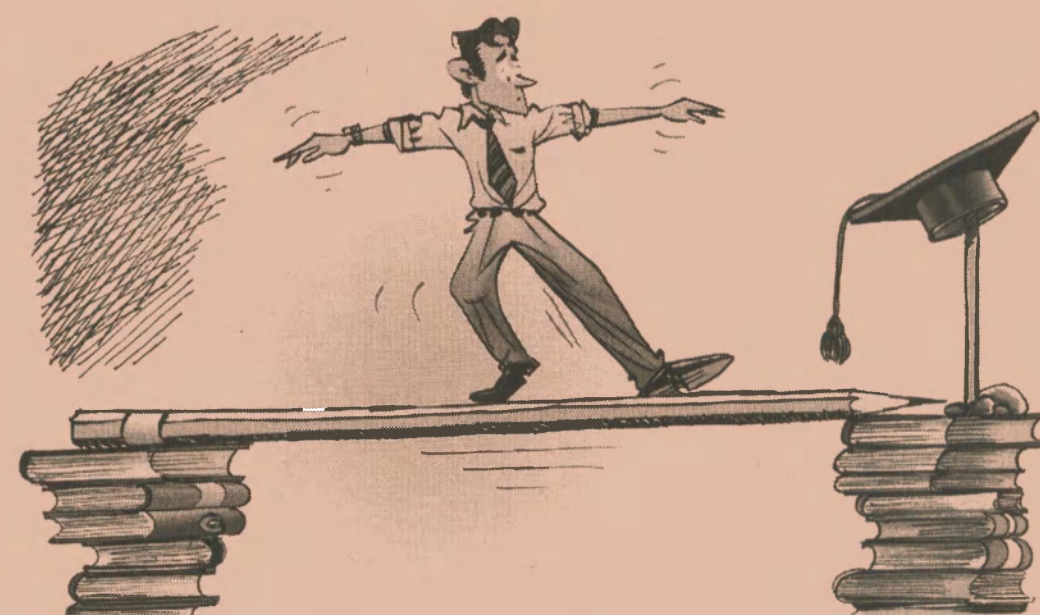
A Confederation of Indian Industry report, on the mapping of manpower skills in Maharashtra to the state's projected requirement by 2012, came up with some very pertinent recommendations on what educational institutions can do to enhance overall employability in India. These included: a farm-to-work programme so that those who are employed in seasonal, agricultural work can

move to other jobs in between; a school-to-work programme that can employ those who wish to join the workforce once they reach employable age; experiential learning programmes so that students can be better prepared to deliver when they start working and modular courses so that students can pick from an array of skills and train for any subset thereof to improve their employability.

Through such initiatives, we can ensure that the millions of able but unemployed youth can find meaningful and sustainable employment. For example, training of school dropouts through modular courses for specific jobs will enable 17 million young school dropouts to be gainfully employed. The current educational institutions must embrace the culture of skills training so that it benefits the wider sections of society and addresses the big issue of employability.

India needs ITIs as much as it needs IITs. We need to accelerate access to technical training to address the key issue of skills development at the grassroots level. E-learning is another big opportunity. With over 600 million live mobile connections and Internet access rapidly connecting the country, there must be a creative use of technology to transform the access and cost of mass education while, at the same time, lifting the quality and consistency of teaching. This is yet another big idea whose time has come and only a collaborative approach between educational institutions, industry and the government can provide the most impactful solutions.

Corporates are beginning to recognise the huge importance of corporate social responsibility. An equally important part of progressive corporations has to be a commitment to what I would like to call 'corporate human development responsibility'. In every single CEO survey, the war for talent fea-



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ture as the biggest challenge in fast-growing economies like India. The industry has a huge role and enlightened self-interest in ensuring a robust pipeline of talent. Most progressive companies prioritise continuous training and development of their employees.

However corporates must also actively commit resources—time, money and people—to innovatively collaborate with educational institutions so that academic curriculum is tuned to the changing needs of the industry. This is hugely beneficial in preparing our young population for employment and also in expanding the talent pool, much needed for our fast-growing economy. Both local industry and multinationals operating in India have an equal responsibility for developing talent. Multinational corporations bring an outside-in approach from their experiences in different parts of the world and contribute to raising the bar locally by establishing global best-in-class practices. Equally, we are seeing the emergence of Indian multinationals and their key

challenge is to rapidly build a world-class talent pool that allows them to compete on a global scale.

As a multinational with a heritage of over 100 years in India, HUL has played a proactive role in grooming business leaders. The first Indian chairman of HUL (then HLL), Prakash Tandon, was the founder of IIM-A, a distinguished institution of higher learning. More recently, HUL was a founding member of yet another fine institution, the Indian School of Business, Hyderabad. These institutions have provided the country countless business leaders. HUL has a unique and well-recognised management training scheme, which recruits widely from various educational institutions across the country.

We have groomed thousands of young graduates into eminent business leaders who are now serving both Unilever and the Indian industry. We have as many as 195 managers from India working for Unilever in key leadership positions across the globe. It is not surprising that we have been referred to as the 'leadership factory'.

More recently, HUL has been recognised as among the 'top ten' companies for leadership development globally in a survey done by Hewitt Associates in partnership with Fortune and the RBL Group. Building business leaders cannot be a casual exercise undertaken every once in a while. It has to be a part of the DNA of the organisation. At HUL, we have institutionalised the process of attracting, developing and retaining top talent. Some steps in this process are to get them early, train them well, build their careers, encourage diversity, reward top performance and instil values. It is our firm belief that business growth and people growth is intrinsically linked in a virtuous cycle where one cannot exist without the other.

The HUL model of 'human capital development' builds around three key pillars—leadership development, organisational readiness for the future and broad-based talent development. Organisational readiness keeps us ahead in a market characterised by increasing competitive intensity, changing customer profile and

rising consumer aspirations. This is a structured approach of addressing the gaps in the organisation in terms of people skills and capabilities in the context of our future ambition. HUL has taken up several initiatives towards building broad-based local talent, both through its own business and also in the local communities where it operates.

We do capability building across functions and at every level of the organisation. For example, we have 'skills-maps' against which the workforce in our manufacturing units and our sales force are benchmarked. Besides on-the-job training, they undergo up to eight man-days of training every year. On a conservative basis, this implies a staggering one lakh man-days of training across the organisation every year! We have the same emphasis on skills training even in our extended sales and distribution network and invest another one lakh man-days of training every year.

We define education and skill development in terms of our ability to create employability. This year, we provided sales internship opportunities for more than 1,000 students from Tier-II and Tier-III MBA colleges, exposing them to best practices in industry and providing them with valuable work experience, thus enhancing their employability. Similarly, through Project Shakti, we have trained 45,000 women in remote and rural villages to provide them income generating opportunities. This is a fine example of providing livelihoods by building skills and capabilities at the grassroots. The 'Samruddhi' programme of HUL is another such example of building capabilities among local communities by equipping young students with vocational skills in partnership with the NGO, Aided Action.

We realise that these are, in a broader context, small steps. But many such small actions add

up to make a big difference. At HUL, we are committed to strengthening our efforts towards building 'human capital', which is the need of the nation today.

The economic centre of gravity is shifting from the developed markets to the developing markets. This is a huge opportunity for the Asian economies and India, in particular. But underlying the growth in economic capital has to be an equally strong foundation of building the intellectual and human capital of the nation. This means investing in our people. We need to impart skills, training and education at all levels to match the needs of a changing India. Human capital is the pivot around which the long-term transformation of our economy has to be shaped. We need to enhance public-private partnership to further strengthen our systems and standard of education so that it serves all classes of society. A close partnership between government, educational institutions and industry can change the entire ecosystem and drive it towards uplifting the skills and capabilities of the nation and achieve this with a scale that is required for our growth ambition. Employability of our young population is a key prerequisite for employment generation.

It is equally important that we address our other key challenge—leadership development. This is vital if India is to be at the leading edge of innovation and competitiveness in this increasingly interconnected world. 'Human capital' is key to realising the India of our dreams. HUL continues to be committed to 'corporate human development responsibility' and contributing to the broader national economic agenda.

(Concluded)

The author is chairman, Hindustan Unilever Limited. This is the text of his Annual General Meeting address on July 27, 2010