

Data, Automation and Talent are the most common drivers for HR transformation in NBFCs. Five HR professionals from NBFCs explain the thrust HR is getting in the age of the millennials:

Recently the Reserve Bank of India had outlined 2 measures aimed at easing liquidity pressures on crisis-hit NBFCs - one was aimed at boosting credit to the cash strapped NBFCs and the second was allowing banks to classify loans to NBFCs for key areas such as agriculture, housing and SME businesses - up to certain limits - as priority sector lending.

NBFCs have been battling a credit crunch since IL&FS, or Infrastructure Leasing & Financial Services, collapsed in late 2018 amid fraud allegations. The fall of the behemoth pushed up borrowing costs for rivals and this has sharply impacted consumer spending and stung sectors such as real estate and autos that are big drivers of consumer demand.

Apart from the liquidity crises, NBFCs in India are also facing HR challenges like employee attraction and retention, changes in management policies, lack of interest among employees. Many employees in the sector are switching to other safe industries. Recruitment across NBFC companies has slowed down and hiring is practically at a standstill other than for critical roles.

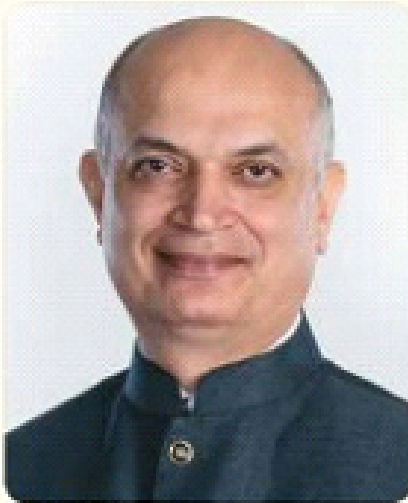
CHANGING WORK SCENARIO

Today disruptive technologies such as digitization, automation and

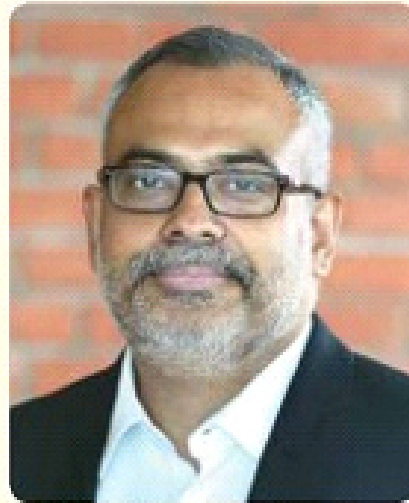
artificial intelligence combined with demographic forces continue to transform the nature of work, how it gets done, and by whom. Implications of competition are profound. Firms that expect to benefit from a digital transformation or a promising new strategy will not get very far if they lack the people to bring the plans to fruition. What might seem like an irritating talent gap today could prove a fatal competitive liability in the not-too-distant future. While talent shortfalls arise for many reasons, the supply-side remedies can be summarized in just three watchwords: Should we build on our existing skills? Should we acquire them? Or should we rent them?

Avanse Financial Services is a NBFC that comes within the category of ₹50 billion. Samir Mobanty, chief operating officer, says the major HR challenge faced by the company is attracting talent and retaining them. "We are dealing with students who are millennials and oblige first as their mode of engagement. Our employees, therefore, need to be tech savvy to deal with these millennial customers."

Another NBFC, Fullerton India, is constantly looking to hire large number of people across multiple locations in diverse skills ranging from analytics, data engineering, digital marketing, solution architects, fraud control, market risk, credit risk strategic



Anil Noronha



Samir Mohanty



Sandip Mallik

alliances, etc. Anil Noronha, EVP and Head Human Resources, says top talent is always scarce and in demand and hiring on time and creating a strong bench strength to support the company's large business is an ongoing challenge.

Sandip Mallik, chief human resources officer at Home Credit India, gives another perspective. Says he: "We are sharpening our own skills, not only in traditional areas, like employee retention and performance management, but also in new ones, such as managing the risks associated with gig work. In this respect, HR leaders should be no different from those in any other function - all of whom must be prepared to evolve if they are to be effective in helping the larger enterprise adapt to the changing nature of work."

RETENTION STRATEGIES

Retention of employees and at the same time reduce attrition are key challenges for HR officers. Attrition in the BFSI sector, especially at the field officer level, is considerably high. The challenges are not unique and most organizations grapple with them from time to time.

Sarya Makkar, HR head, Finway Capital, describes how the challenges are severe as competition is high in the BFSI industry. "If employees do not get satisfaction, they shift to other industries. Compensation is also a major challenge for us in view of fluctuating government rules and regulations," says she.

MANAGEMENT & MORALE

The changes in employment laws and management affect the HR policies of the NBFCs. Weather a company is small or big, the laws and regulations are important. Sarya Makkar says the company also faced challenges due to frequent changes in management: "Changes in organization strategies and structure affect HR policies as the internal process grows with the management and some employees face hard time to deal with the management changes," says she.

COMM & TECHNOLOGY

Regular communication with employees is a key aspect in addressing their concerns. For example, Finway Capital regularly

organizes employee satisfaction surveys. It has also started face to face meetings with employees to discuss their personal and professional problems.

Promoting culture of meritocracy and performance in an organization is a key for any enterprise. Besides, it is also important to keep the morale of the employees high through various business cycles.

Magma Fincorp has over 10,000 employees operating in 1900 talukas. Rajneesh Mishra, chief people officer of the company, believes an open communication strategy is key to solving many of the issues that employees face. Says he: "We arrange webinars for our employees called 'Vartalaap'. This is held every quarter and is a unique platform where all the employees connect, and the Group MD responds to their queries and through video and audio conferences. The questions can be on the industry in general, organization per se and on topics like self-improvement. We also have a calendar of employee engagement activities, which help in better employee engagement."

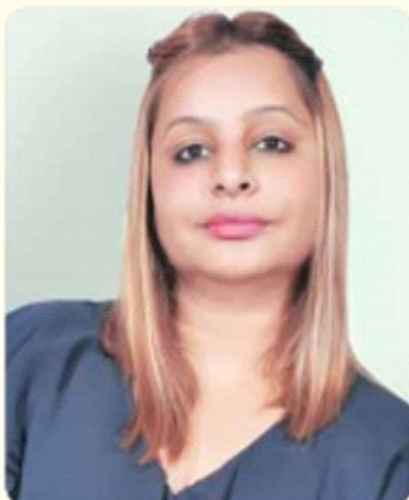
Home Credit India is focusing on driving value from talent, building bandwidth, resources and credibility. The company has employed next-generation automation tools, including AI, and related technologies. Sandip Mallik claims this has helped the company to deliver consistent people processes that was often eluded traditional HR operations teams. "We deploy bots in our hiring process, starting with onboarding new employees (by porting application tracking system data over to the HR information system). With time, opportunities will abound to automate more elements of our hiring process. A bot can draft offer letters, write job descriptions or set up payroll and benefits data. And beyond robotic process automation, cognitive agents can potentially transform the interaction between HR and employees. Always-on chat agents can answer questions instantaneously and be available on employee phones - a better service experience than calling an HR hotline," he elaborates.

LEADERSHIP & PERFORMANCE

Capacity and capability building are the two initiatives that run in parallel at Fullerton India throughout the year. Capacity building involves identifying the future needs of leadership at the

top 3 levels of the organization through various interventions to predict the future needs. It includes a clear understanding of the quality of competence and leadership that will be required in these key roles resulting in a detailed talent inventory of all critical roles and future successors.

Anil Noronha explains the



Sarya Makkar

capability building initiative in the company: "Capability building involves defining development plans and putting in place initiatives for key leaders and institutionalizing the entire development process in the company. Capability building would also involve developing an internal pipeline of leaders, identifying and recruiting appropriate second lines of staff members through a concerted succession planning exercise. This includes institutionalizing selection assessments for all talent acquisition for critical and senior roles. This type of organizational development intervention requires long term commitment. It is like planting a tree - the seed will take time to bear fruit. As a progressive organization we are patient and committed to the journey that we have decided to undertake."

Home Credit India focuses on 'what's and 'how's of performance. The 'what's is more formally described as task performance, capturing the core technical aspects of a role, whereas 'how's, or contextual performance, refers to the fashion in which technical work is executed. In getting more concrete about performance, the company thinks carefully about the 'what's and 'how's of performance and the trade-offs that may exist between them.

"We focus on identifying the 'right data' for a given role that accurately captures an individual's unique contribution. The business landscape is constantly changing; it is highly possible that what works today will not necessarily work one year from now. For that reason, it's crucial for us to continuously track and measure all new hires' performance alongside their hiring assessment results. A deeper understanding of high performers is created with data and analytics", says Sandip Mallik.

REWARDS, RECOGNITION

NBFCs are increasingly adopting the competency framework to ensure that incumbent and future leaders have an explicit understanding of the benchmarks and standards that employees are expected to adhere in their performance. These are then integrated into the performance and rewards management processes. Talent acquisition clearly identifies differences between leading the business versus running the business.



Rajneesh Mishra

Magma Fincorp has introduced a learning and development program to ensure structured online and offline training programs that impart functional competences and help in soft skills development of employees. The company makes it mandatory for employees to enhance and upskill

themselves through training. It has a specially curated training called LEAP, or Leadership Development Program, for senior and top management conducted by a globally recognized faculty.

Rajneesh Mishra points out to the rewards and recognition program of the company: "We believe in rewards and recognition; we reward performers and provide them fast-track careers. We have 'Pinnacle' and 'Udaan', 2 specially designed programs targeted at field officers. These programs regularly track the performances of the employees and reward performers."

TRAINING PROGRAMS

Avanse Financial Services runs Headstart, a management training program as part of campus hiring and orientation program. The company has 'Springboard', a program for feet on street segment of employees - employees who primarily source business and collect outstanding payments from customers. Employees who have taken up Springboard program get promoted to higher levels in the organization.

Samir Mohanty speaks about the company's IJP, or internal job postings program. "The talent movements via IJP program help our employees to get cross and intra functional roles in the organization. The IJP process is very progressive and allows potential employees to hone their skills in roles of their choice. Under IJP, we provide opportunity to our employees to take any role in the organization as per their interest and choice."

Mohanty also speaks about the company's valued employee program, or talent pool program: "Here, we identify top 10% talent in the organization and provide them differentiated career path development opportunities and compensation. Similarly, in our ARISE program, we provide structured training to employees on behavioral skills and competence."

There is a wakeup call among NBFCs to create employee-friendly policies. There is also emphasis on forward-looking customers. And in taking care of the employees, most of the NBFCs are now focusing on providing training to the employees on engagement building activities, fitness and other extracurricular activities.

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