

HCM STRATEGY DIRECTIVES



NTS – 27 Nov '13
HCM Strategy Directives – V1.0

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HCM STRATEGY DIRECTIVES – OVERVIEW

STRATEGIC ALIGNMENT

- a. Human Capital Planning
- b. Workforce Planning
- c. Human Capital Best Practices and Knowledge Sharing
- d. Human Resources as Strategic Partner
- e. Empowerment



2. LEADERSHIP & KNOWLEDGE MANAGEMENT

- a. Leadership Succession Management
- b. Change Management
- c. Integrity and Inspiring Associate Commitment

3. RESULTS-ORIENTED PERFORMANCE CULTURE

- a. Communication
- b. Performance Management at NEXT
- c. Diversity Management at NEXT
- d. Employee Relations

4. TALENT MANAGEMENT

- a. Recruitment at NEXT
- b. Retention at NEXT

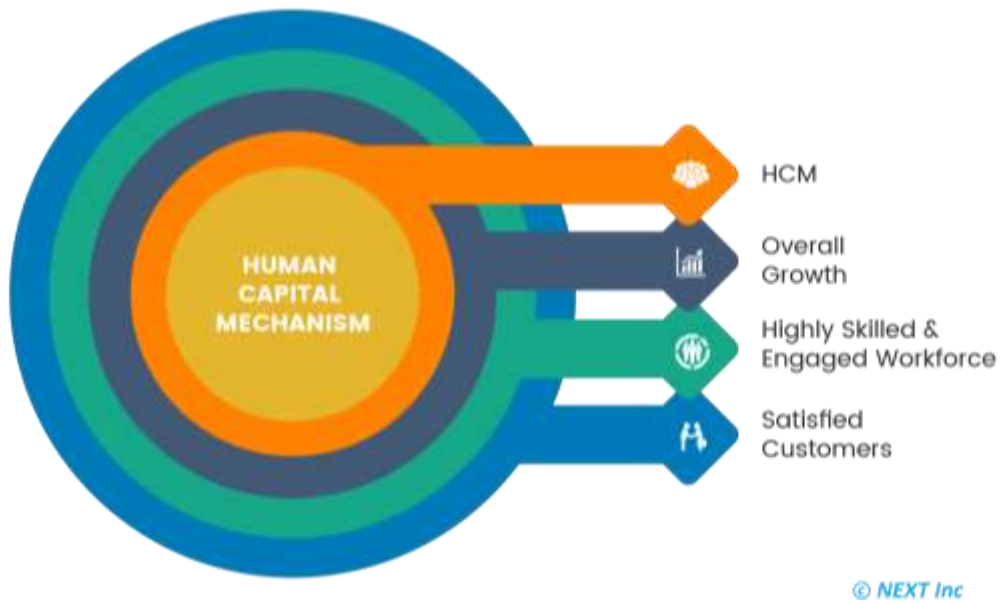
5. HCM ACCOUNTABILITY at NEXT

HUMAN CAPITAL PLANNING AT NEXT

HCM Vision

“To create a dynamic, high-performance-driven and superior-value-returning work environment of continuous learning through best human capital practices that lead to a multi-skilled, highly responsive, customer-centric and socially responsible workforce.”





Overview

The mechanism for Human Capital Management (HCM) at NEXT primarily focuses on the alignment of the HCM strategies to the overall business strategies of the organization.

The HCM Strategies would be aimed at propelling the environment of a highly skilled and engaged workforce through tailor-made HCM practices and policies; these would be aimed at providing customers the best services, products and solutions. As a result, overall growth attained would continuously aid enhancements of the HCM practices according to rising business needs.



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Competency-based approach

The main HCM practice to align the people strategy to that of the business is to identify core competencies of the organization that shall be aligned with the human capital. The core competencies of NEXT are:

- Dynamism
- Innovation
- Adaptability
- Agility
- Customer-centricity

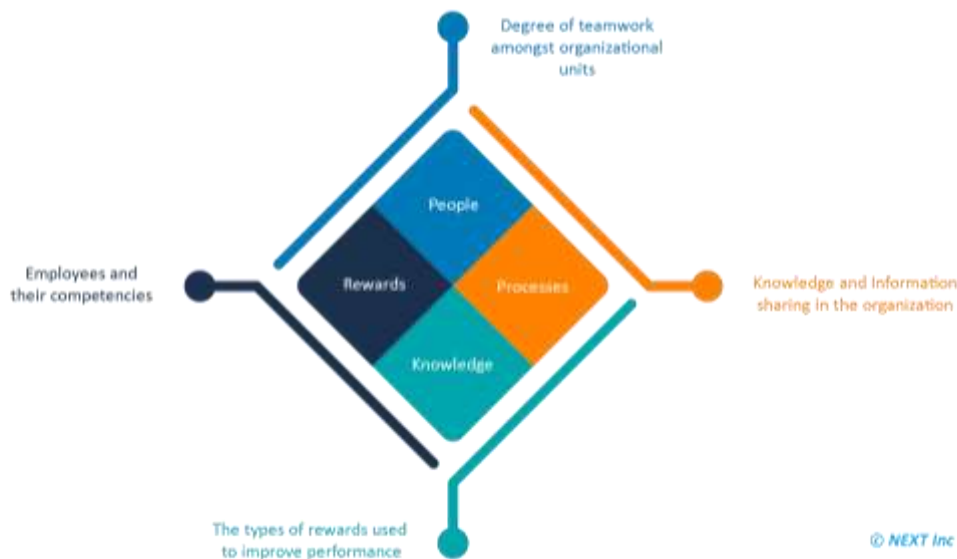
Apart from the core-competencies, every role in the organization is also assigned technical/job-related competencies that would be required for an employee to effectively perform the duties and responsibilities assigned to him/her.

Therefore, it is a combination of the core competencies, technical competencies and certain behavioural competencies that would form the base of NEXT's HCM strategy.

Detailed procedures of each functional application of the above are available in the later stages of the HCM Directives.



The Performance Management System in the organization is defined by four components that are interlinked to one another



People – This component describes the type of people that the organization recruits and trains for their specific roles as designed. The competency based approach would be followed in the case of hiring the right talent with core competencies as that of the organization and also in the case of enhancing existing and new talent according to business needs.

Processes – A set of processes would be defined and documented for the execution of the NEXT HCM Strategies. The NEXT organizational structure would be more flat and a matrix based structure thereby enabling higher degree of interdependence between work teams.

Knowledge – Communication policies for Information sharing internally and externally would be set according to the business need. Identifying Subject Matter Experts (SMEs) for core functional areas of the business would be performed by the competency mapping exercises and then the knowledge base of the SMEs needs to be transformed across teams for better knowledge sharing.

Rewards – These are the major factors that could influence motivation amongst employees. The compensation and benefits policy of NEXT would be revamped in order to align with overall strategy and also ensuring that the same is known as one of the best in the industry.

WORKFORCE PLANNING AT NEXT

The objective of workforce planning at NEXT is to ensure that adequate skill levels are available for the organization at all times, thereby ensuring dynamism at the people front that enables employees to cheerfully embrace new challenges whenever required.

Review Business and HCM Strategy



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The business and HCM strategies would be reviewed in the case of an additional assignment the organization requires delivered. This is to ensure that both the strategies are in line with each other, thereby ensuring effective execution of business objectives. Modifications might be required in case of additional assignments that require a whole new set of technical competencies when compared to the existing set.

Research existing talent pool

A competency analysis exercise would already have been performed on the existing workforce in order to understand the extent and amount of technical competencies available at disposal. Based on competencies required for new assignments, another mapping is done for existing competencies against the required competencies.

Assess required competencies

Based on the requirements of additional or new assignments, a comprehensive list of competencies required for the same is made. This can be mapped with the depository of existing competencies.

Analyse internal and external supply

After the mapping of required competencies v/s existing competencies is done, an analysis of available talent needs to be performed in order to decide on strategies required for additional

assignments.



Plan and Execute Acquisition Strategy

Based on results of the earlier mapping process, a decision has to be made according to the outcome. If the additional assignment requires an up-gradation of existing competencies, a skill enhancement strategy needs to be deployed in order to train associates on upgraded skills. On the other hand, if the required competencies are completely new against the existing set, a talent acquisition strategy has to be drafted to enable timely availability of required competencies.

Finalize performance goals and strategies

Once the required competencies are aligned in place, performance plans must be designed for new assignments to ensure complete understanding of objectives and goals across the team. The performance plans need to be decided collectively by the associates and managers, thereby promoting inclusiveness and ownership amongst all.

Continuously review performance adherence

The performance parameters for respective workgroups and assignments would be reviewed on a continuous basis by associates and their respective reporting authorities. Continuous mentoring, guidance and analysis of performance will help identify immediate shortfalls and non-alignments in performance as compared to the objectives and strategies of the business and assignment.

Measure key HCM metrics periodically

Some of the key HCM metrics like available manpower, skills, productivity, absenteeism, cost-per-hire, time-per-hire, training-hours etc. need to be measured periodically to ensure alignment of HCM strategy with the business. The required metrics to be measured can be decided based upon the business strategy and the assignments.

HCM BEST PRACTICES AND KNOWLEDGE SHARING AT NEXT

The HCM Practices at NEXT are mainly focused upon deriving the best results possible from the workforce; this is by designing and implementing the best practices in HCM across all the functions starting from recruitment of new talent up to separation of existing employee.

HCM Best Practices



Sophisticated Forecasting & Workforce Analytics



Human Capital/Workforce Planning at NEXT would be a detail-oriented and future-focused process that is specifically aligned with Business Strategies. Forecasting exercises for future demands of skills, forecasting succession planning, forecasting the strategic mix of competencies etc. would be performed in a timely manner in order to stay update with business challenges. HCM Metrics and evaluation of the same would be performed continuously and the findings would be used for decision-making on HCM practices.

Competency based skill matching and interactive sourcing

Recruitment and selection processes at NEXT would be purely based on competency alignment of applicant with that of the role. A combination of NEXT's core and functional competencies would be given high priority when selecting candidates for vacant positions. The recruitment process would be conducted in a highly interactive manner in order to give applicants a clear picture of requirements and culture at NEXT and to arrive at a proper person-organization fit.

Continuous learning and Knowledge Sharing

NEXT promotes and advocates continuous learning to its employees through various practices like job-rotation, job-enrichment and knowledge sharing amongst the employees. Subject Matter Experts are identified for crucial areas of business and their knowledge is shared via different modes of training.

Participative environment and Multi-skill Exposure

The work environment would be of the participative/democratic style, where employees are encouraged to participate and contribute to learning, goal-setting, process improvements, policy enhancements and constructive feedback mechanisms. Employees are also provided opportunities to learn new concepts and work on different projects, thereby enhancing the exposure and depth of knowledge in employees.

Objective + Mutual Goal setting and periodical reviews

The goal setting process for individual employees is a mutual process where the employee and supervisor would mutually agree upon measurable goals for specific target durations and they would mutually review the progress of the employee towards the same.

Overall employee development and competitive rewards

The development of employees in all aspects is a top priority at NEXT. Growth in knowledge, earnings, confidence, stature and achievements would be focused upon for all employees. Good work would be rewarded handsomely in order to motivate employees to perform better. Rewards would constitute both monetary and non-monetary rewards for excellent contributions.

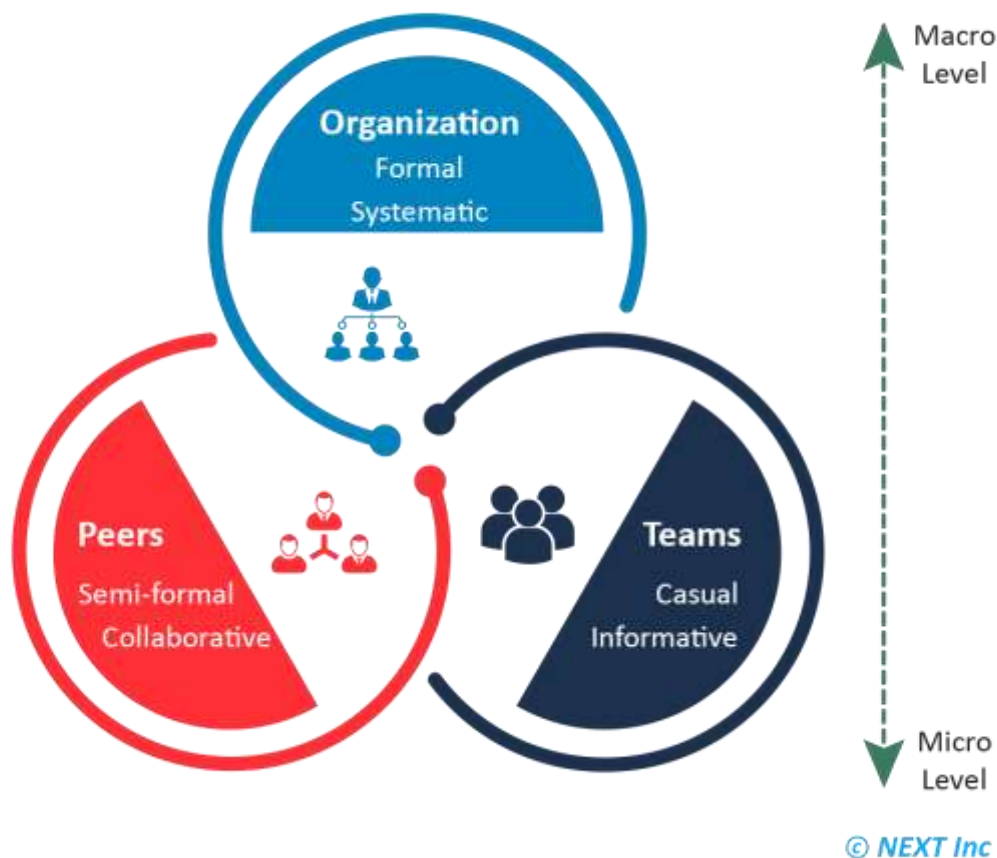


Knowledge Sharing

The sharing of knowledge across the organization is at different levels and styles.

Organization Level: The sharing of knowledge at the organization level is more of a formal exercise where the different activities undertaken for the same are highly organized and continuously monitored through feedbacks and evaluations.

Examples: Skill based training programs, skill based workshops, competitions for employees, employee transfer and promotion, on-site assignments etc.



Team Level: Knowledge sharing at the team level is a bit more informal where it is a mix of organised and unorganized activities of learning. Teams would follow the overall learning initiatives of the organization and also promote team-based learning initiatives based on need.

Examples: Training programs for team members, Job rotation and job sharing amongst the team, mentorship for new joiners, succession planning for team leadership and “task-teams” amongst the team.

Peer Level: Knowledge sharing at the peer level is mostly casual and unorganised. It is purely up-to the interest level of the learner and willingness of the mentor to share explicit knowledge based on requests.

Examples: Discussion forums for employees on job based issues, employee contribution to the regular newsletter the organization publishes etc.

Knowledge Sharing Techniques

Promote frequent socialization through events outings and mentoring programs. Employees sharing the knowledge gained through skill-based training via debriefing sessions with their peers.

Groups of employees share knowledge about a common work practice over a period of time through “communities of practice”

Newsletters highlighting the various events in the organization like trainings, certifications, audits, awards etc.

The Knowledge Management Environment

All of the techniques and processes for knowledge management as mentioned above can only be implemented if the right kind of environment is available. Hence, in order to create an environment that favours knowledge management, three main constituents are focused upon at NEXT.

- People
- Processes
- Technology

Each of the above constituents has its own sequence of steps to be implemented to generate a sophisticated knowledge sharing culture.

PEOPLE	<ul style="list-style-type: none"> • Align Organizational Culture to Knowledge Sharing • Encourage Individual Behaviour towards Knowledge Culture • Understand & Eliminate barriers to Knowledge Sharing • Make Knowledge Work part of everyone's job • Promote & Develop Inter-personal Relationships • Educate & Demonstrate the value of knowledge Sharing • Encourage Subject Matter Experts with Rewards & Recognition
PROCESS	<ul style="list-style-type: none"> • Conduct Knowledge Audits to assess needs & resources • Connect people to people through forums or "task-teams" • Connect people to information by providing easy access • Train on Knowledge sharing techniques
TECHNOLOGY	<ul style="list-style-type: none"> • Perform audit on infrastructure available for knowledge sharing • Utilize intranet & groupware for knowledge precesses • Design and install collaborative tools & information databases

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The above illustration shows as to how the three constituents contribute to the forming of a knowledge management environment.

HUMAN RESOURCES AS STRATEGIC PARTNER

NEXT believes in quality, reputation and productivity of its staff, its human resources. The Human Resources Department will continue to engage in regular planning and analysis to ensure its



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services addresses the long term needs of the Organization.



Strategic Concerns of HCM

Employer of Choice

NEXT employment policies and HR management practices give it an edge over its competitors in recruiting and retaining appropriately skilled workers and optimizing their productivity while maintaining profitability and market shares.

Fair and competitive wages, workplace satisfaction and productivity, great front-line managers, commitment to workers, organizational culture and treating valued employees respectfully and fairly are factors that weigh in heavily in employee recruitment and retention.

Best HCM Practices

Having a well-defined set of human resources practices in place makes this an easier task to accomplish. Human resources practices that are legally and ethically sound will produce greater results than attempting to manage employees in a haphazard fashion.

The best human resources practices create the most effective and efficient method of achieving any objective or task for an organization. When aligned with the Organization's mission statement and goals, human resources practices can address many of the personnel issues that can come up for an organization.

Accounting for performance – a high performance culture

Human Resources Department analyses information from a variety of sources to assist in the development of institutional improvement strategies. The Organization's staff performance management framework linking individual and institutional performance objectives is an important element in the Organization's accountability framework.

Continuous learning

A rapidly changing knowledge base in the work of organization, rapidly developing information technologies, the competitive environment and an increasing level of liaison with the community requires a high level of skill and knowledge on the part of staff. This can be developed only by a commitment to lifelong learning by each member of staff as well as access to a comprehensive range of staff development opportunities. The need to develop leadership capacity offers a particular challenge, particularly given the significant demographic change in terms of the quality of working force we have.

Key Result Areas

Effective HCM begins by asking the following questions which correspond to four key results areas.

Are people well led? – **Leadership**

Is the organization becoming more productive? – **Productive Workforce**



Does the work environment bring out the best in people? – **Enabling Work Environment**

Do workforce competencies match the anticipated needs of the organization?

– **Sustainable Workforce**

The KRAs stated in the above illustration are the key parameters for HCM to take up the role of strategic partner at NEXT. Each of the KRAs has been assigned KPIs that would define the achievement aimed by the respective KRA.



KRAs (Key Result Areas)	KPIs(Key Performance Indicators)
LEADERSHIP	
Mission and Vision Talent in the organization is mobilized to realize the vision and accomplish the mission of NEXT.	<ul style="list-style-type: none"> • Everyone understands the mission and vision statements and makes them his or her own. • Employees know where the organization is heading over the next few years; they understand its purpose, how they and their work fit in, and what is expected of them. • The mission and vision statements are used as a compass for decision making. • Mission and vision statements are used to guide behaviour and performance.

KRAs (Key Result Areas)	KPIs(Key Performance Indicators)
<p>Managing of Results</p> <p>Human resources are in position to achieve operational objectives.</p>	<ul style="list-style-type: none"> • The organization aligns its resources to meet business objectives. • Proper decision-making authorities are established. • There are clear lines of accountability and no overlap of mandates. • Those involved at every level understand who is accountable and for what. • Targets are established for quality and productivity. • Appropriate tracking, reporting and measurement systems are in place.
<p>Values and Ethics</p> <p>Decisions and actions reflect respect for democracy, as well as professional, ethical and people values.</p>	<ul style="list-style-type: none"> • The executive team personifies service values and has integrated them into its management practices and those decisions that affect people. • The organization is inclusive and values diversity. • The organization is free from political and bureaucratic patronage. • Values are inherent in the human resources management systems and processes.
<p>Effective Relationships</p> <p>Management works collaboratively with staff, employee representatives and other stakeholders to ensure that the organization delivers appropriately</p>	<ul style="list-style-type: none"> • Consultation and communication mechanisms are in place. • Management takes a co-operative approach to resolving employee concerns and issues. • Management works alongside employee to address future human resources management planning and staffing issues. • Stakeholders and members of the management team trust one another. • Teams make use of people with diverse experience and knowledge. • Measures are taken to foster teamwork and co- operation.



KRAs (Key Result Areas)	KPIs(Key Performance Indicators)
PRODUCTIVE WORKFORCE	
Service Delivery Programs are designed and delivered to meet the needs of Employees.	<ul style="list-style-type: none"> • Employees participate in the development of service standards. • Targets for service and productivity are set and performance is measured against these targets. • Employees provide creative solutions to problems and innovative approaches to client service. • Employees receive ongoing feedback on their performance and use it to improve their productivity. • Full, quality services are provided in a timely manner.
Clarity of Responsibilities Roles, responsibilities and performance expectations are clearly defined, understood and accepted.	<ul style="list-style-type: none"> • Work is evaluated on the basis of accurate job descriptions. • Levels of service and standards of productivity are known and accepted. • Goals and objectives are met. • Staff performance is recognized and rewarded.
Organization of Work Work is organized and assigned to facilitate timely decision making and improvements in productivity.	<ul style="list-style-type: none"> • The organization has no duplication of services or conflict between the types of services provided throughout the organization. • Teams increase efficiency and effectiveness. • Individuals or working groups in different parts of the organization co-operate to facilitate the progress of projects. • Procedures are applied flexibly to meet objectives in the best ways.
Employment Strategies Strategies to attract skilled persons ensure good value for the money and are simple, timely and efficient	<ul style="list-style-type: none"> • Employees have the competencies to meet the needs of the organization. • Managers are supported in meeting and responding to their human resources needs. • Staffing practices conform to the requirements of the Staffing Delegation and Accountability • The organization's approach to employing and retaining people and its human resources management processes are fair, equitable and transparent.



KRAs (Key Result Areas)	KPIs(Key Performance Indicators)
ENABLING WORK ENVIRONMENT	
<p>Supportive Culture</p> <p>The organization enables employees to attain their full potential and encourages a balance between work and personal life</p>	<ul style="list-style-type: none"> • Employees have opportunities to practice intelligent risk-taking and exercise initiative. • Employees make use of a range of policies, programs and benefits to balance work and personal responsibilities. • Employees participate in the decision making that influences the quality of their work life.
<p>Respect for the Individual</p> <p>Individual rights are respected and the diverse nature of the workforce acknowledged.</p>	<ul style="list-style-type: none"> • Human resources management practices promote fair, equitable and impartial treatment of employees. • Employees in regions designated as bilingual for the purpose of language of work can use their preferred official language in carrying out their work activities. • Redress mechanisms are available to employees and are used in accordance with policy. • The behavior of managers and employees reflects sensitivity to diversity and inclusiveness in the workplace. • Managers ensure appropriate accommodation of persons with disabilities. • The organization has developed and implemented strategies to address the under-representation of groups. • Managers address conflicts quickly and the workplace is free from harassment and discrimination.
<p>Communication</p> <p>Information is obtained and disseminated so that everyone understands organizational goals, priorities and activities, and the sharing of ideas is encouraged.</p>	<ul style="list-style-type: none"> • Employees understand what is expected of them and of their work teams. • Ideas flow freely, horizontally and vertically, within the organization.



Employee well-being and Safety The work environment is safe and healthy.	<ul style="list-style-type: none"> Physical work conditions (e.g., lighting, air temperature, space and equipment) are conducive to productivity and employees' well-being. There are policies and programs in place to promote both good physical and mental health as well as safety in the workplace.
	<ul style="list-style-type: none"> Employees make use of return-to-work programs.

KRAs (Key Result Areas)	KPIs(Key Performance Indicators)
SUSTAINABLE WORKFORCE	
HR Planning and Analysis The organization's human resources needs are a key consideration in strategic and operational planning.	<ul style="list-style-type: none"> Competencies required for high performance are identified. Appropriate recruitment and retention strategies are linked to business requirements.
Learning and Development Managers and employees have the competencies to keep the organization viable.	<ul style="list-style-type: none"> Opportunities for learning and development, as well as for other employment or advancement, are provided to employees. Training in regions designated as bilingual for the purpose of language of work is available Executives and managers are continually learning to improve their management skills. Management development programs are available and accessible (e.g., the Management Trainee Program, the Career Assignment Program, and the Accelerated Executive Development Program). Managers and employees possess key generic skills that can be used across the organization now and in the future.



<p>Workload Management</p> <p>Resources are sufficient to achieve the expected results.</p>	<ul style="list-style-type: none"> • Requirements, workload and scheduling are realistic and take into consideration the capacity of people. • Organization has processes in place to establish priorities, assess new workload demands against existing priorities and reallocate resources if necessary. • Individuals and teams set priorities to manage workload. • Sound risk-management practices are applied.
<p>Compensation</p> <p>Organization has a well-developed and properly administered compensation package.</p>	<ul style="list-style-type: none"> • Employees understand the compensation and benefits available to them. • Performance pay is administered rigorously to support productivity. • The service standards for compensation and benefits administration are met.

CRITICAL SUCCESS FACTORS - EMPOWERMENT AND INCLUSIVENESS

Empowerment:

- Associates at all levels are given authority to accomplish goals
- Innovation and problem-solving are encouraged
- *NEXT* leaders seek the views of associates at all levels
- Management and associates work collaboratively to achieve outcomes

Inclusiveness:

- *NEXT* recognizes that an inclusive workforce is a competitive advantage for achieving results
- *NEXT* works to meet the needs of employees of all backgrounds



- *NEXT* has declared a “zero tolerance” for discrimination
- *NEXT* strives actively to reduce the causes of workplace conflict
- *NEXT* ensures that conflicts are addressed fairly and efficiently

LEADERSHIP SUCCESSION MANAGEMENT AT NEXT

The leadership succession management process at *NEXT* is aimed at identifying leadership potential in the organization, nurture the same and keep them ready to take up any challenges at any given time.

THE LEADERSHIP SUCCESSION PLANNING PROCESS



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Strategy Review

The top management periodically reviews the talent pipeline according to the strategic alignment and also based on the future plans of the organization.

Position Review

The critical roles that would arise in future are identified and the required level of specific technical and core competencies for these roles are also analysed.

Talent Review

The availability of talent for succession plans is analyzed through competency mapping exercises on present workforce. Presently available competencies are mapped against the required competencies (as discussed in the previous step) and the employees are then placed in the succession matrix (refer next image). Employees with high performance and competencies are chosen to be developed as future leaders.

Succession Plans

The succession plans and strategies are then decided by the management for identified potential successors. The nature of assignments, trainings and learning for the successors are drafted.

Implement Plans

The plans drafted in the previous steps are then implemented and the same are continuously monitored and reviewed for adherence.

The Succession Matrix



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The succession matrix is developed after deeply assessing the talent pool available at NEXT and also assessing the performance of the same. After the assessments the entire talent pool is bifurcated into four categories as shown above.

Problem Zone: Performance = Low, Competency Level = Low

Employees who fall under this quadrant of the matrix are the segment that requires the most attention. Additional training for technical and core competencies need to be imparted and a closely monitored approach like mentoring could be followed for performance management.



Skill Zone: Performance = Low, Competency Level = High

This quadrant of employees is the ones with the right skill levels but not performing well. A “person-job-fit” analysis has to be performed for these employees to ensure if their competencies are being properly used to the best effect. A little bit of job restructuring and job rotation could prove vital here.

Exposure Zone: Performance = High, Competency Level = Low

“High performers on the job, could be even better performers on the job if the right level of competencies are available”- this could be an apt explanation for this zone of employees. Skill enhancement exercises like trainings, certifications and cross-functional exposures could be the best strategies for enhancing the competency levels of these employees.

Potential Zone: Performance = High, Competency Level = High

As the name suggests, the employees of this quadrant are the potential successors that can be identified, trained and groomed for future leadership positions. Ideally, the succession planning strategies and the paths through which these employees would take up leadership roles is decided by the management. Some of the paths could be a) Giving them critical business assignments b) Hand-holding and mentoring by the management for leadership capabilities c) Increasing the scope and reach of authority to these employees.

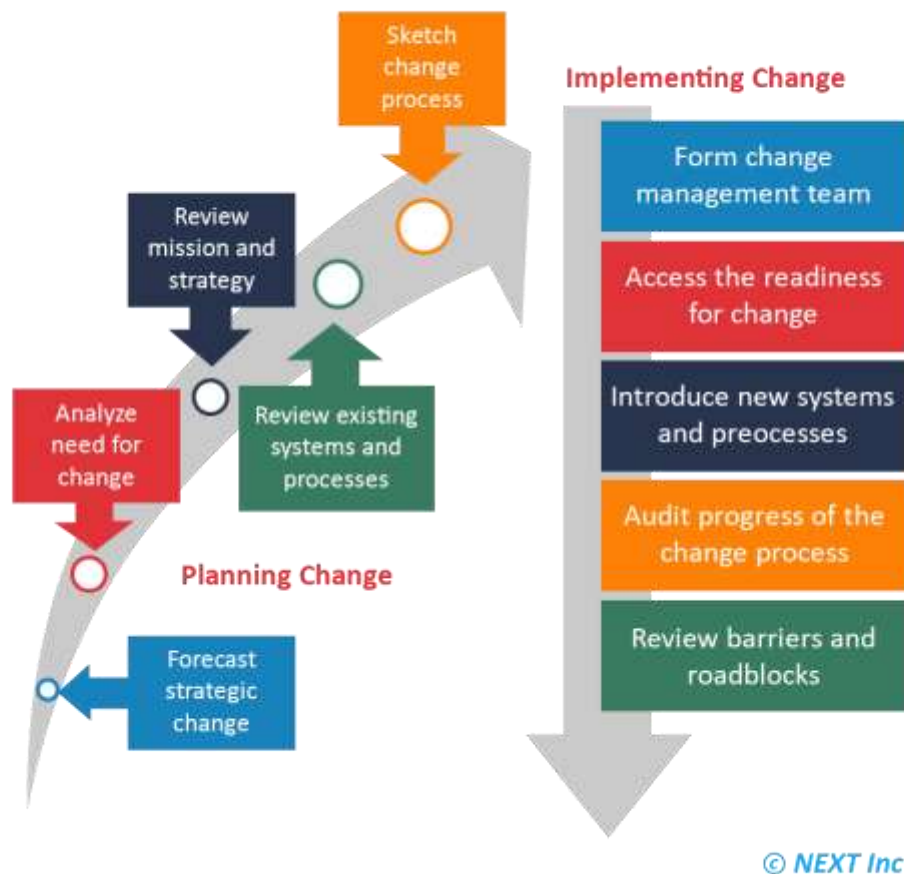
CHANGE MANAGEMENT AT NEXT

Change management at NEXT would be a continuous process given the dynamic nature of the organization to readily accept new challenges and assignments. Hence it becomes vital for a process to govern the change management that could be any of the following:

- Strategic
- Cultural
- Technological

Strategic Change Management

This type of change generally occurs at the macro level of the business. Strategic change is required when the organization ventures into a completely different assignment altogether, something totally requiring a new strategic plan and implementation. The focus for change management is primarily on the processes, systems and structure that is already in place.



Planning Change

- Strategic changes that would be required in the business would be forecasted based on future demand created by upcoming assignments, thereby forcing changes in the HCM policies.
- The actual need for change would be analyzed and the change management process would be begun only if the management is completely sure that strategic changes would be required.
- The current mission and strategy of the organization would be reviewed thoroughly to ensure that changes are required on the same.
- Existing systems and processes should be reviewed in order to ascertain the specific changes required in order to meet future demands and specifications

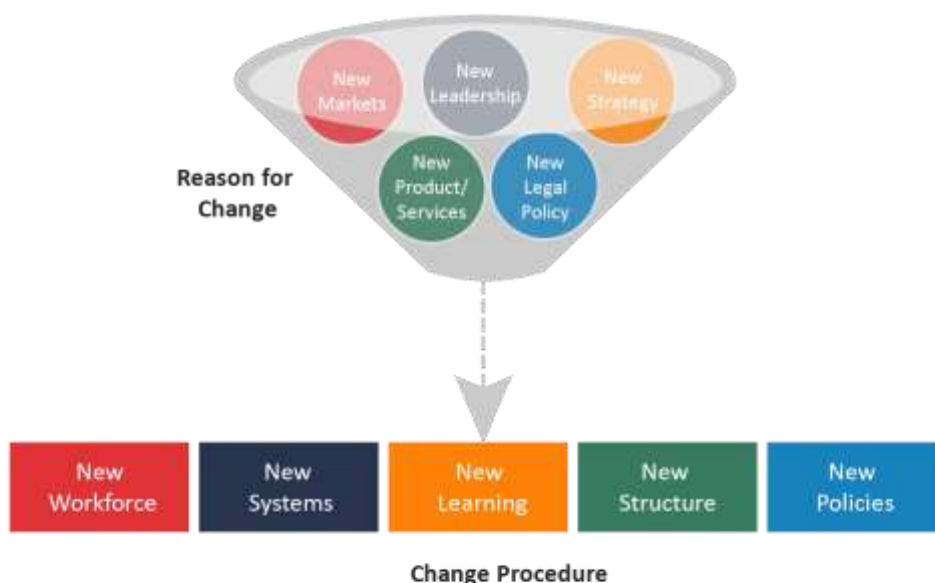
- A change management plan including the detailed sketch of duration, modules, specifications, participants, change owners, change agents

Implementing Change

- Form a change management team according to the plan details. This team would be the sole responsibility of implementing the new systems and processes, and also responsible for auditing the progress.
- The readiness for change needs to be assessed. A detailed check of the different resources and their readiness for change needs to be executed.
- Introduce the new systems and procedures step-by-step. It is very important to break up the implementation into phases since an overload of change could prove fatal.
- Continuously audit the progress of the change process and check for any redundancies or setbacks. If any of these are detected, immediately address the issue.
- There would be many roadblocks to the change process, they need to be analysed and reviewed with close attention to detail as they could act as guidelines for proper change management at present and future.

Cultural Change management

Organizations need to adapt to a lot of change culturally when the business grows rapidly and also when they enter new markets, thereby forcing them to “think global and act local”. There is a



definite need for businesses to adapt to local cultures and at times existing culture needs to be revamped to meet growing needs of the business.

All of the above stated reasons for change management in the organization require a great amount of change culturally, which means that there is need for an overhaul or migration to a totally different work culture. The following tables will show the reason for change and the respective procedures pertaining to the same.

<i>Reason for Change</i>	<i>Change Procedure</i>
New Markets (Entering new geographical locations for business expansion)	New Workforce
	New Systems
	New Learning
	New Structure
	New Policies

<i>Reason for Change</i>	<i>Change Procedure</i>
New Leadership (A change in the top management due to merger/acquisition, succession etc.)	New Systems
	New Learning
	New Structure

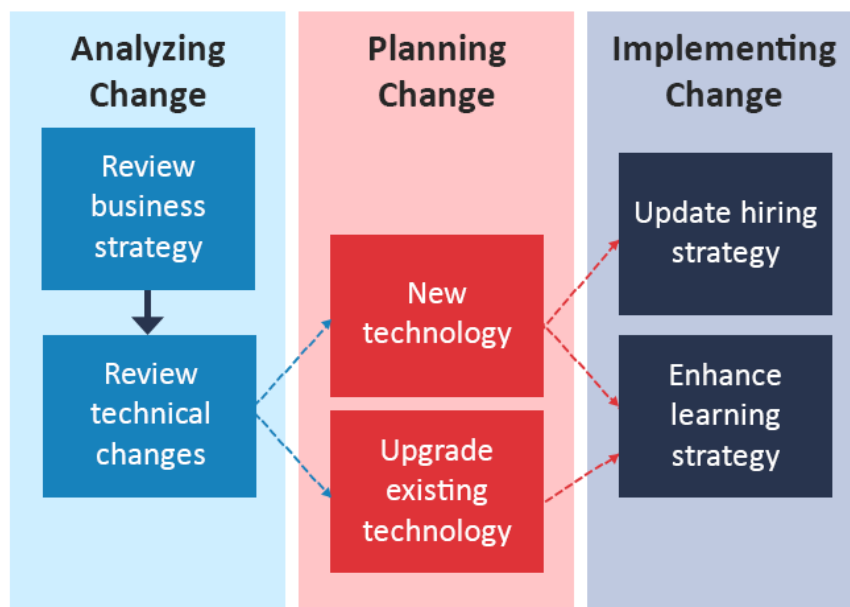
<i>Reason for Change</i>	<i>Change Procedure</i>
New Strategy (A change in the business strategy due to reasons pertaining to finance, market share etc.)	☐ New Systems
	☐ New Learning
	☐ New Structure
	☐ New Policies

<i>Reason for Change</i>	<i>Change Procedure</i>
New Product/Service (The organization diversifies the product and service offerings to customers.)	☐ New Workforce
	☐ New Systems
	☐ New Learning
	☐ New Structure
	☐ New Policies



<i>Reason for Change</i>	<i>Change Procedure</i>
New Legal Policy (A change in the existing legal and statutory policies of governments and other local bodies)	☐ New Systems
	☐ New Policies

Technological Change Management



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Analysing/Forecasting Change

In a rapidly growing business environment, staying updated on technology is very important since it is an integral part of every business process. Therefore, it is very essential for the management to review the technical changes that are required every time the periodical business strategy review is conducted.

Planning change

Technological change is majorly of two types: Migrating to a completely new technology platform or upgrading the existing platform to a better/latest version. Hence, choosing the right technology strategy that perfectly aligns with overall business strategy is important.

Implementing change

When it is decided to adapt to a completely new technology platform, the right skill needs to be available at the right place and at the right time. Hence, the hiring strategy and the required technical competencies have to be updated in order to acquire relevant manpower and the learning strategy for the same also needs to be enhanced. In case of upgrading on the existing technology, then the learning and knowledge sharing strategies need to be aligned according to the same.

INTEGRITY AND INSPIRING EMPLOYEE COMMITMENT

Integrity at the Workplace



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Ethical Leadership



- *Lead by example:* Managers must not only communicate clear messages about ethical conduct and integrity, but they must also model and demonstrate those very behaviours expected of employees.
- *Set clear expectations:* During induction, managers should clearly define the duties, expectations, professional standards, and responsibilities of employees. They should also reinforce the practical application of organisational documents such as the code of conduct and organisational values.
- *Apply Organizational Values:* To act with honesty, fairness and impartiality, to have the courage to raise integrity concerns, to support workplace changes in the interest of continuous improvement, to be considerate of others, to assist colleagues and to provide high standards of service to the community.
- *Make confident decisions:* Ethical leadership is characterised by transparency and accountability in decision-making. Managers should ensure that all decision-making is timely, informed by evidence, and made with regard to the values of the organisation. *Communicate with employees:* Managers should use weekly employee or operational meetings to communicate regularly and openly with employees about ethical conduct, integrity, and performance.

Active Management

- *Use available management tools:* Managers should make use of available NEXT resources to manage employees, monitor team performance, build group cohesion and set the strategic direction of the team.
- *Know your employees:* Take an interest in your employees and be actively involved in the management of their work and how they do it.
- *Identify potential issues:* It is good practice for managers to monitor the health and wellbeing of employees, and to act on any identified concerns early. Issues associated with health and wellbeing not only impact employee performance but they can also impact workplace integrity.
- *Foster continuous learning:* Managers should foster an environment of continuous learning. Use performance management processes to help identify opportunities to develop employees.
- *Be available:* Managers should make themselves available to employees. Open and regular channels of communication with employees should be established to help foster trust and build confidence.

Right Workforce



- **Promote the code of conduct:** Ensure the code of conduct is available to and understood by employees.
- **Adopt values** : Widely promote the organisational values and their meanings in the workplace.
- **Embed shared responsibility:** Educate employees about shared or mutual responsibility in the workplace. Shared responsibility involves understanding how your role contributes to the organisation.
- **Educate about ethical responsibilities:** Educate employees and ensure that they understand their ethical responsibilities in the workplace.
- **Identify role models:** Identify people within the organisation to act as role models and mentors to help employees develop ethical leadership skills.
- **Acknowledge employees:** Regularly reward and recognise ethical conduct in the workplace.

Effective Processes

- **Consult with employees:** Consult with employees to review and update workplace policies and processes.
- **Conduct risk assessments:** Undertake a risk assessment in your workplace: identify potential risks to individuals, workplaces or the organisation, prioritise these risks, assess the likelihood of the risk occurring; calculate the consequences of the risk occurring, and implement ways to minimise or prevent the risk from eventuating.
- **Reinforce policies:** Reinforce policies and processes for managing those issues and risks that have been associated with improper conduct, misconduct and corruption. **Monitor compliance:** Managers have a responsibility to monitor employees' adherence to policies.
- **Manage exit process:** Workplace exit processes are just as important as workplace induction processes. Good exit processes are reflective of respectful and supportive workplace.

Inspiring Employee Commitment through Engagement



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Empower

Provide employees the freedom and space to take work-related decisions. Decisions of high business impact may be taken by the respective authorities.

Network

Create a multi-dimensional network that enables socializing and knowledge-sharing amongst employees in the organization. When employees get to know peers, superiors and other associates better, a healthy relationship is created and employee morale becomes high.

Goal-setting

Mutual goal setting along with employees is a key to enhanced performance. These goals need to be aligned with organizational goals. When employees are very clear about what they need to achieve, the overall achievement of the organization is enhanced.

Acknowledge

Acknowledge good work with rewards, appreciations and recognitions. These motivate employees to perform exceedingly well at their jobs.

Governance

The code of conduct and ethics has to be closely monitored and employees need to be given responsibility of upholding the same.

Encourage

Continuously encourage employees to do better, practice a “no-blame” culture and also encourage employees to come forward with feedback, suggestions or complaints.

Mentor

Provide mentoring and guidance to employees on a continuous basis for performance related issues. When employees know that they are being closely watched and guided the confidence levels would always stay at healthy levels.

Evaluate

Avoid subjective evaluations of employees and promote analytical evaluations. Perform the evaluations on a continuous basis to measure adherence to performance standards. Ensure that detailed feedback is provided every time the evaluations take place.

Normalize

Ensure that all processes in the organization are regulated and avoid continuous or high fluctuations. Employees gain confidence in organizations that are highly stable in all their processes and also provide a high sense of job security.

Train

Ensure that employees are equipped with required knowledge by applying innovative, easily-applicable and detailed learning techniques. A continuous learning culture has to be practiced to enhance employee and organizational capabilities.

RESULTS-ORIENTED PERFORMANCE CULTURE

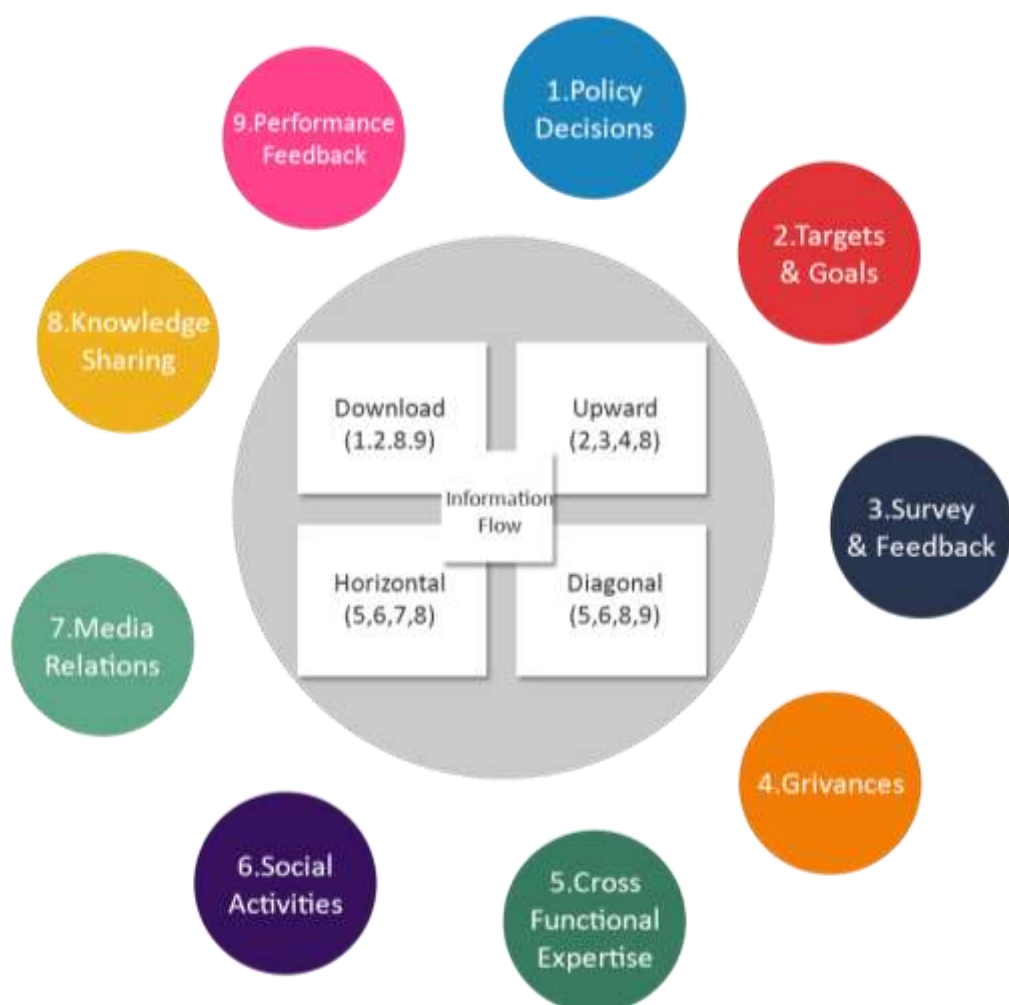
COMMUNICATION AT NEXT

The communication modes and systems at NEXT can be broadly classified into 2 categories:

- Formal
- Informal

The flow of information is of 4 directions:

- Downward
- Upward



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- Horizontal
- Diagonal



Policy Decisions: These decisions are generally finalized by the management based on strategic business needs. Organizational business policies are communicated by the management to the employees through various channels and they are completely formal.

Targets & Goals: NEXT believes in participative performance management, hence the goal setting for employees would be upward and downward in direction, since employees are encouraged to participate in the same.

Survey & Feedback: The survey and feedback mechanisms are generally upward in direction and are formal. It is important to periodically conduct surveys in the organization and value employee opinion and feedback.

Grievances: Grievances are normally addressed to reporting authorities about any hindrances occurring at work. These tend to be mostly informal modes of communication since most of the grievance meetings are face-to-face.

Cross-functional Expertise: Sharing cross-functional expertise at the organization would be horizontal or diagonal since NEXT promotes the atmosphere of sharing expertise and also sharing doubts amongst its employees, who are generally from different backgrounds and have different skills.

Social-Activities: They are the same as before since social activities in an organization are mostly informal and between employees at different occasions.

Media-Relations: Media or Public Relations in the organization are considered strictly formal and there would be designated experts to handle the same and most of such interactions are recorded for future references.



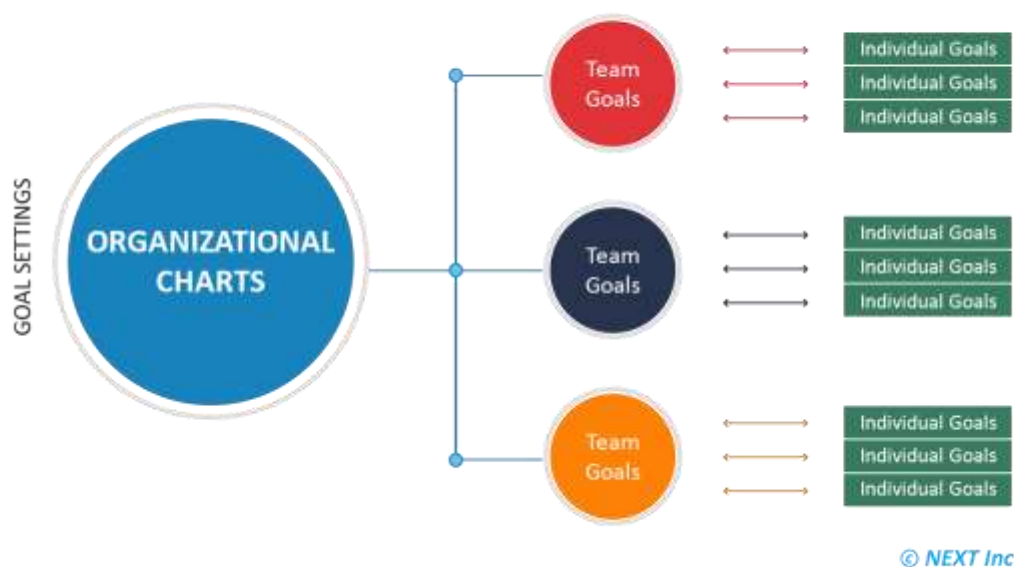
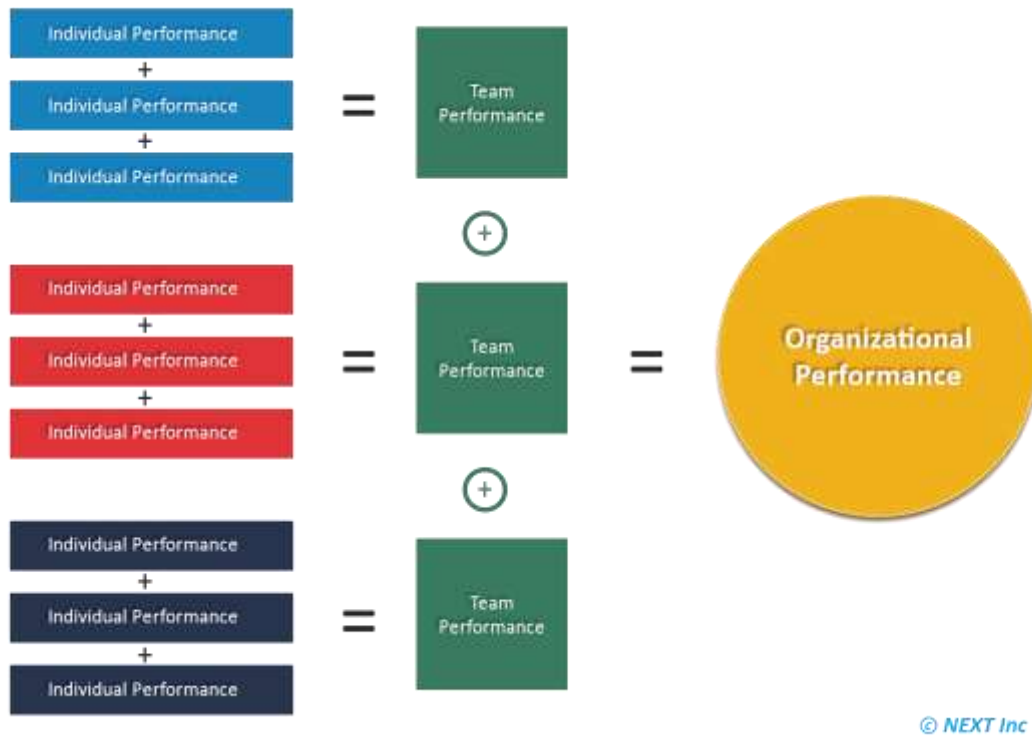
Knowledge-Sharing: NEXT believes that knowledge has to be shared extensively in order to increase the functional skills of the employees. Thus, knowledge sharing has no particular direction and everybody is encouraged to learn and share.

Performance Feedback: The managers or reporting authorities of different work teams have to make it an important point to continuously measure team and individual performance and share the same in order to achieve desired results.



PERFORMANCE MANAGEMENT AT NEXT

The following illustration is to show the link between Individual and Organizational Performance.



The underlying concept behind NEXT's performance management philosophy is that the organizations goals are further bifurcated into team goals and then the team goals are further divided into individual goals. When it comes to performance, a collection of individual performances makes the team performance and likewise, team performances collectively define the organizational performance.

Employee Contribution Based Pay

In order to implement the ECB pay system the different layers or bands of the organization are defined as below:

BAND	DESIGNATIONS
M1	General Manager/VP
M2	Sr. Manager
M3	Manager
M4	Asst. Manager
L1	Team Lead/Supervisor
L2	Sr. S/W Engineer/ Sr. Executive
L3	S/W Engineer/Executive
L4	Assoc. S/W Engineer/Jr. Executive/Trainee

The salary components of all employees of NEXT would have 2 components: Basic Pay and Variable Pay. Basic Pay would be decided by the hiring manager/management based on the experience and competencies of an employee. Variable Pay could be fixed as below:

BAND	% of VARIABLE PAY
M1	40
M2	35
M3	30
M4	25
L1	20
L2	15
L3	10
L4	8



Every band has a different composition of the Variable Pay as part of the overall CTC and the main idea behind having different slabs for variable pay according to the bands is to link the variable pay component of every employee to that of the performance of individual and also of the organization.

Variable Pay Break-up

BAND	Variable Pay Break-up	
	Individual Performance	Organizational Performance
M1	50%	50%
M2	50%	50%
M3	60%	40%
M4	60%	40%
L1	60%	40%
L2	75%	25%
L3	75%	25%
L4	75%	25%

The variable pay break-up varies according to the increase in the band level. From the above table, we can observe that as the band level increases, the percentage of relevance to Organizational Performance increases. This shows that as responsibilities increase, alignment to organizational performance becomes more important.

Performance Ratings

Individual Performance		Organizational Target
Appraisal Score out of 5		Achievement
1	1 (Poor)	Below 50%
2 (Average)	51-99%	
3	3 (Good)	100-124%
4 (Very Good)	125-150%	
5	5 (Excellent)	Above 150%



Variable Pay Eligibility would depend on the performance ratings. Eligibility criteria would be Rating 1 - 0%, Rating 2 - 50%, Rating 3 - 100%, Rating 4 - 125%, and Rating 5 - 150%.

The disbursement of Variable Pay for employees would completely depend upon the break-up mentioned earlier. The Calculations are done for each and every employee based upon individual and organizational performance.

Example: Let us consider that Mr.ABC is an Assistant Manager and his variable pay component has been fixed at Rs. 75000 p.a. At the performance review, he has been given a Rating 4 and the organization has met 100% target i.e. Rating 3. His Variable Pay would be as follows:

- Individual Rating 4 – Rs. 56250/-
- Organization Rating 3 – Rs. 30000/-
- Therefore, Total Variable pay for Mr. ABC = Rs. 86250/-

(Note: Detailed Calculations are illustrated in the next part of this document)

Calculation of ECB Pay System

For M1 and M2 Bands

ECB Pay Calculation for M1 & M2 Bands

Let Variable Pay be denoted by value X

		Variable	Individual	Organizational	
	Rating	Pay	Performance	Performance	Total
		Eligibility	(50%)	(50%)	
Poor	1	0%	0	0	0
Average	2	50%	IA (50% of A)	OA (50% of A)	A (50% of X)
Good	3	100%	IB (50% of B)	OB (50% of B)	B (100% of X)
V.Good	4	125%	IC (50% of C)	OC (50% of C)	C (125% of X)
Excellent	5	150%	ID (50% of D)	OD (50% of D)	D (150% of X)



Let us look at an example for the previous illustration (i.e.) ECB Pay Calculation for a Senior Manager and above cadre will look as below (Approx Variable Pay – Rs. 200000/- p.a)

Example of ECB Pay Calculation for M1 & M2 Bands

Let Variable Pay be approximately Rs. 200000/- p.a

	Rating	Variable Pay Eligibility	Individual Performance (50%)	Organizational Performance (50%)	Total
Poor	1	0%	0	0	0
Average	2	50%	50000	50000	100000
Good	3	100%	100000	100000	200000
V.Good	4	125%	125000	125000	250000
Excellent	5	150%	150000	150000	300000

For M3, M4 and L1 Bands

ECB Pay Calculation for M3, M4 & L1 Bands

Let Variable Pay be denoted by value X

	Rating	Variable Pay Eligibility	Individual Performance (60%)	Organizational Performance (40%)	Total
Poor	1	0%	0	0	0
Average	2	50%	IA (60% of A)	OA (40% of A)	A (50% of X)
Good	3	100%	IB (60% of B)	OB (40% of B)	B (100% of X)
V.Good	4	125%	IC (60% of C)	OC (40% of C)	C (125% of X)
Excellent	5	150%	ID (60% of D)	OD (40% of D)	D (150% of X)

Let us look at an example for the previous illustration (i.e.) ECB Pay Calculation for Team Lead to Manager Cadre will look as below (Approx Variable Pay – Rs. 75000/- p.a)

Example of ECB Pay Calculation for M3, M4 & L1 Bands

Let Variable Pay be approximately Rs. 75000/- p.a



	Rating	Variable Pay Eligibility	Individual Performance (60%)	Organizational Performance (40%)	Total
Poor	1	0%	0	0	0%
Average	2	50%	22500	15000	37500
Good	3	100%	45000	30000	75000
V.Good	4	125%	56250	37500	93750
Excellent	5	150%	67500	45000	112500

For L2, L3 and L4 Bands

ECB Pay Calculation for L2, L3 & L4 Bands

Let Variable Pay be denoted by value X

	Rating	Variable Pay Eligibility	Individual Performance (75%)	Organizational Performance (25%)	Total
Poor	1	0%	0	0	0
Average	2	50%	IA (75% of A)	OA (25% of A)	A (50% of X)
Good	3	100%	IB (75% of B)	OB (25% of B)	B (100% of X)
V.Good	4	125%	IC (75% of C)	OC (25% of C)	C (125% of X)
Excellent	5	150%	ID (75% of D)	OD (25% of D)	D (150% of X)

Let us look at an example for the previous illustration (i.e.) ECB Pay Calculation for Trainee to Sr. Executive Cadre will look as below (Approx Variable Pay – Rs. 25000/- p.a)

Example of ECB Pay Calculation for L2, L3 & L4 Bands

Let Variable Pay be approximately Rs. 25000/- p.a



	Rating	Variable Pay Eligibility	Individual Performance (75%)	Organizational Performance (25%)	Total
Poor	1	0%	0	0	0
Average	2	50%	9375	3125	12500
Good	3	100%	18750	6250	25000
V.Good	4	125%	23438	7812.5	31250
Excellent	5	150%	28125	9375	37500

Rewards and Recognition

The NEXT philosophy for employee performance recognition is aimed at continuously recognising valuable contribution and also motivating employees to perform better. Apart from the monetary rewards as discussed above a few more non-monetary rewards are extended to outstanding performance. A few examples are:

- Star Performer of the Month – Monthly Award to the best performer
- Innovator Award – A spontaneous award given to an employee with the most Innovative idea/approach to work
- Holiday Packages / Non-monetary – Best Performer of the Year

DIVERSITY MANAGEMENT AT NEXT

Having a diverse workforce is very important for any organization in today's rapidly evolving business environment and NEXT is no exception to the same given its global clientele and workforce.

The Diversity Plan

- Understanding existing culture and environment across locations and also needing to understand the impact of diversity plans at workplace.
- To include the diversity plan in the organization and promoting the same by continuous evaluations on the composition of the workforce
- In order to prevent workplace discrimination like gender bias, sexual offenses, racial bias, language related group culture, domination of a specific community etc.



- To improve the work culture by avoiding any untoward incidents and having a diverse workforce with diverse ideas, approaches and thought processes.



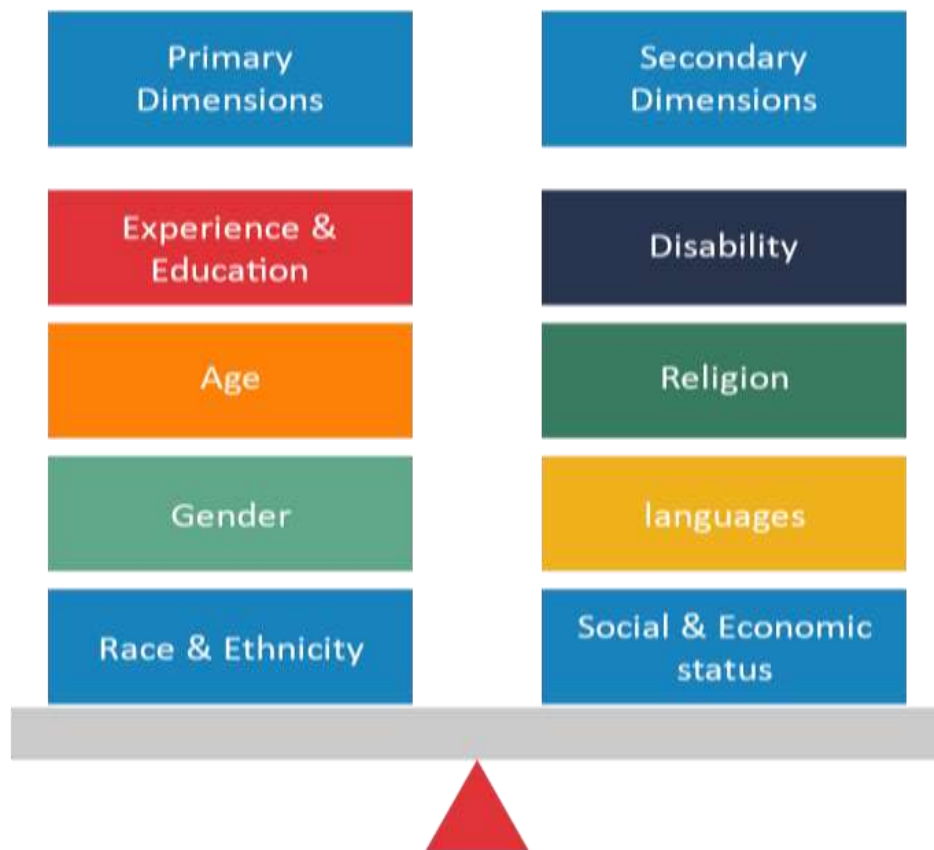
Dimensions for Diversity

There are many dimensions that workforce diversity is based upon. These dimensions lay an outline for the Workforce Diversity Plan of any organization. As such, NEXT has also placed a few dimensions on which the workforce diversity would be based upon:

Primary – The primary dimensions would be the main conditions to a diverse culture at NEXT. These would be the main demographics or constituents of the workforce plan

Secondary - The secondary dimensions would be additional conditions that would define guidelines for the composition of the workforce. These are reviewed only after the primary dimensions are given

consideration when planning the composition of the workforce.



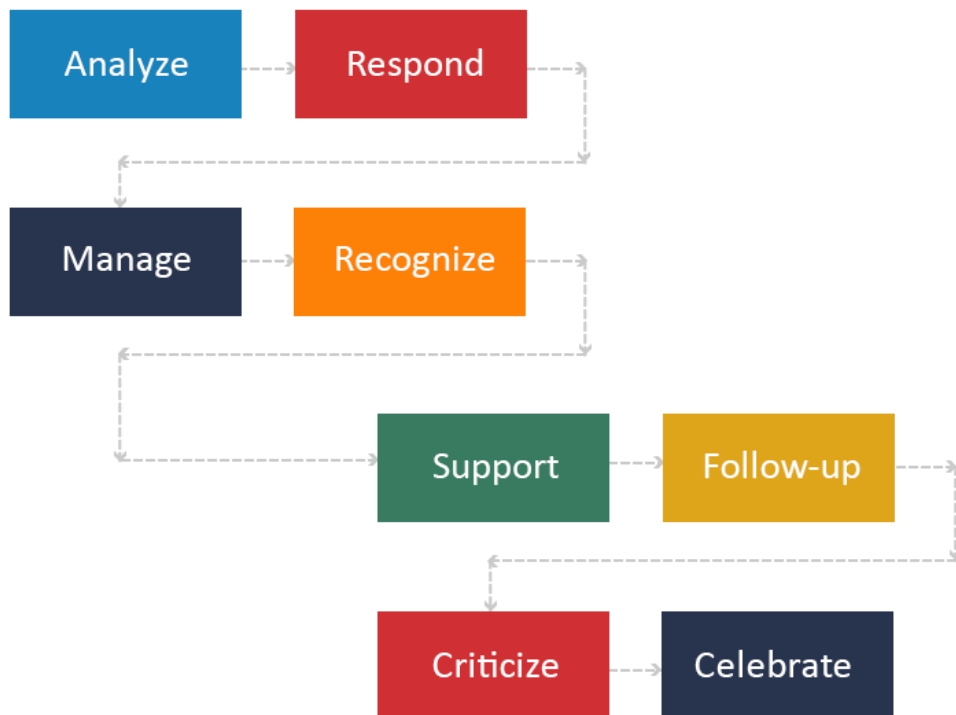
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On an overall viewpoint, all the above dimensions are very important in order to decide upon the dimensions of NEXT's workforce. The primary is considered as important and put into practice first, followed by the secondary dimensions.

EMPLOYEE RELATIONS AT NEXT

The employee relations process at NEXT is a carefully designed as a sequence of steps that clearly denote that the employee relations policy at NEXT is primarily focused on employee welfare

and to promote a healthy and competitive work environment.



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Analysing an Issue:

When it comes to analysing an employee issue, either pertaining to conduct of the employee or performance of the employee it is very important to concentrate on the facts that have led to the issue. If the issue is pertaining to the conduct of an employee it is very important to analyze and investigate the circumstances that have led to such conduct. If it is regarding the performance, analyzing current performance against required parameters and also ensuring all resources were available is important.

Responding:

After carefully analysing the issue, responding according to organization norms and procedures is the ideal thing to do. It is very important to respond and not react to a situation. When addressing employee issues it is very crucial to abide by organization policies, disciplinary action for conduct issues and performance management for performance issues.

Managing the Environment:

The focus should be on setting up professionalism across the organization and gossips/grapevine/negativity should be strongly discouraged in the organization. Decisions made by management and team managers should be job-related and purely based on need

and not on intimidation and high levels of confidentiality should be maintained across all levels.

Recognizing:

The diversity in the organization needs to be recognized when addressing employee issues, there could be many kinds of attitudes, feelings, perceptions and thought processes in a team and organization. Actions and decisions need not be the same for all employees, given the demographics that form the organization.

Supporting Employee Relations:

It is very important to treat every employee as a customer, especially when handling employee grievance issues. The same applies to advising employees on disciplinary procedures and performance improvement recommendations. Being supportive and advocating for resources could be the best way to handle and support employee relations.

Following-Up:

When any action pertaining to conduct or performance has been taken on employees, it is vital to keep following-up with employees on actions taken and adherence to the same. Monitoring the progress of employees against corrective action taken and using progressive discipline at the workplace would enable healthy and productive work environments.

Criticism:

Constructive criticism on employee conduct and performance needs to be practised in order to motivate better work ethics and results. Being clear by focusing on actual problem with all facts required portrays a high degree of professionalism.

Celebrate:

Just as issues are recognized in the organization, good performances and actions also need to be recognized and celebrated by meaningful rewards. Just as an employee is caught doing the wrong thing, it is also important to catch the employee doing the right thing and reward the same. This would bolster and motivate employees to perform better on assigned tasks.



Key Participants in the Employee Relations Process

The above illustration shows the participation of Top Management, Reporting Managers (of employees) and the HR department in the Employee Relations process.

Top Management: The top management plays a vital role in supporting the employee relations process; it also plays a part in responding to ER issues, recognizing diversity and celebrating good performances/conduct in collaboration with HR and Line Managers.

Reporting Managers of Employees: The reporting managers of employees or Line Managers play a very important role in constructive criticism of employee conduct/performance. They are involved along with HR in Analysing ER Issues and Following-up on corrective action. They are also collaboratively involved along with top management and HR in responding to issues, recognizing diversity in teams and celebrating good conduct/performance.

HR Department: The HR department holds the responsibility of managing the entire environment pertaining to Employee Relations. The HR department is also involved in analysing and following-up of ER issues along with Line Managers.

TALENT MANAGEMENT

RECRUITMENT AT NEXT

The recruitment process at NEXT is focused towards providing required manpower at the right time. It is divided into 2 stages:

- Pre-Recruitment
- Recruitment

Pre-Recruitment Process:



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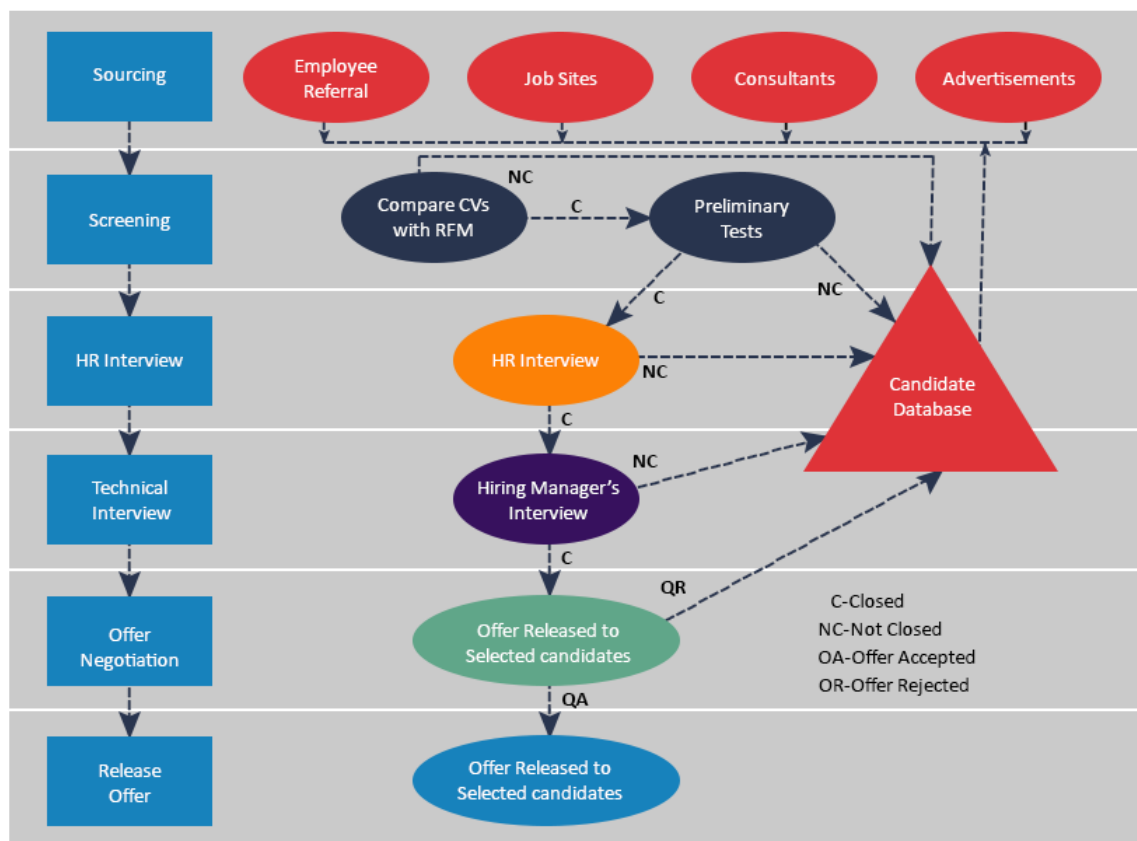
A vacancy might arise in a department due to promotion, transfer or resignation of current employee (replacement) or additional team responsibilities requiring extra manpower (new hire).

Once a vacancy arises in a department or team, the hiring manager needs to submit a Request for Manpower (RFM) to the approving authority (top management). The RFM needs to be supported with a clear job description and job specification of the required position stating requirements, responsibilities and skills for the same.

On receiving a detailed RFM document with required support documents, the approving authority reviews the request and approves the same. Any changes to be made to the RFM would be discussed by the Approving Authority with HR and the Hiring Manager and implemented.

The approved RFM is now handed over to the HR department for further processing. The HR department carries out all actions required in order to fill the vacancy with the particular department and hiring manager.

Recruitment Process



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As soon as HR receives the approved RFM from the Hiring Manager they start working on the mandate and this process is again divided into six sequential stages.



Sourcing:

The different sources followed for sourcing talent are employee referrals, recruitment from job-sites, recruitment through consultants and various advertisements over different forms of media. The candidate database maintained by the HR team is a potential source for recruitment.

Screening:

All profiles sourced through various channels are now put into screening where the received profiles are compared against the job description and specifications provided by the hiring manager with the RFM. Profiles that match requirements are sent for next stages whereas the others are kept in the candidate database for future use. Preliminary tests on technical and psychometric aspects are conducted in order to judge the candidates' fitment. The candidates who clear the tests are sent for the next stage, whereas the other profiles are kept in the candidate database.

HR Screening:

Candidates who get through the tests are interviewed by the HR, this interview is performed in order to establish a ***"candidate-company"*** fitment. When HR is convinced that a candidate would be a fit for organization as well as job, the candidates are put through to the next round whereas other profiles are kept in the database.

Technical Screening:

This interview is performed by the Hiring Manager in order to determine the ***"candidate-job"*** fitment. This phase is the hardcore technical/functional phase of the whole process since the hiring manager would want to be very sure of the technical expertise of candidates to be hired.

Offer Negotiation:

Candidates who get through all of the above phases are put into offer negotiation by the HR and Hiring Manager. All aspects of salary benchmarking are put into use in order to arrive at the best possible offer for candidates selected.

Release Offer:

Offer letters are released for candidates who have accepted the offer. The other candidates for whom the correct offer was not arrived at would be placed on hold at the candidate database. Re-negotiations are carried out by the HR with such candidates and if a solution has not been arrived even after that, the candidates are kept in the database for future requirements.

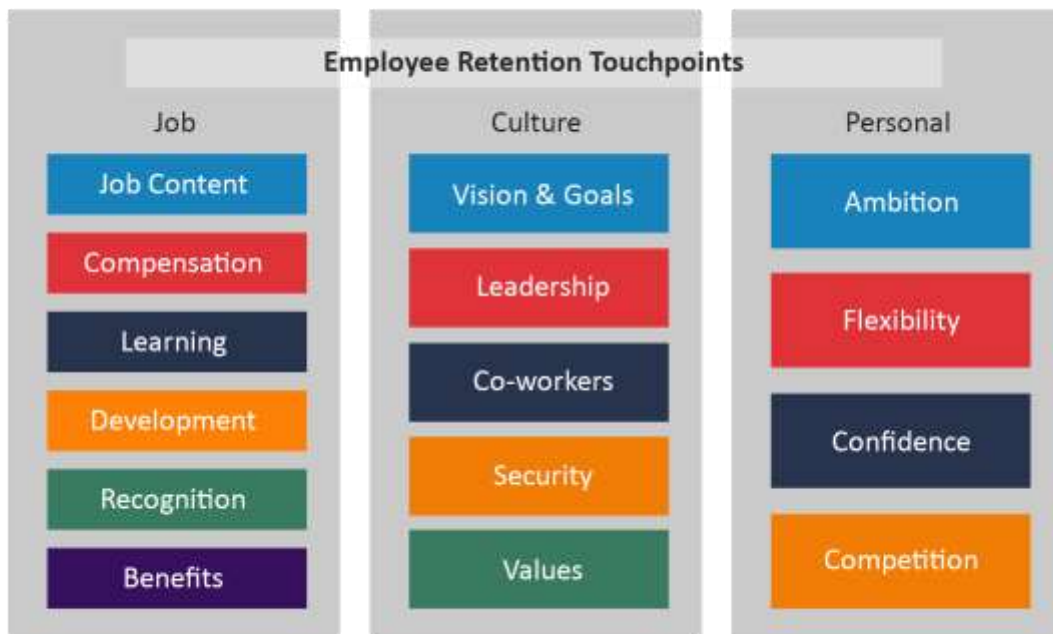
EMPLOYEE RETENTION AT NEXT

NEXT strongly believes that its employees are its strategic assets that would enable the organization achieve targets and goals as planned. Hence, high priority is placed on employee retention strategies that would ease the burden of high turnover costs and enhances a better workplace with a high

performance

work

culture.



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NEXT has identified various important touchpoints that are very important in improving employee retention at the organization. These are divided into three main categories based upon the specific nature of retention plans required:

- **Job**
- **Culture**
- **Personal**

Each of these categories is further divided into specific areas pertaining to where the organization would concentrate to improve employee retention and reduce turnover.

Job

Job Content:

Emphasis is placed on the job content for every employee, especially on aspects like challenging tasks, interesting and meaningful responsibilities. The main focus here is to provide a challenging work environment where employees really enjoy their work and always look forward to doing better.

Compensation:

Competitive salaries against the normal industry standards would be remain a key to fulfil basic needs of employees to earn the best for the work they do. Attractive incentive and bonus components in the salary would also add extra motivation to employees to perform well and look forward to earning more with additional tasks.

Learning:

Continuous learning on the job is key factor for employees to do their job better. As there is a new learning required for every new project, NEXT would ensure adequate learning opportunities are provided to employees, making their work easier and also giving them the satisfaction of additional knowledge.

Development:

The right amount of opportunities would be made available for employees for career progression through promotions, job rotations, and succession planning and on-site assignments.

Recognition:

Recognizing and rewarding high performers periodically would not only motivate the high performers to do better but also sets a mood of competition for best performance amongst the entire workforce.

Benefits:

Additional benefits like gratuity, loyalty bonus, paid-vacations, sponsored education and insurance schemes for employees would be provided in due time to bolster the relationship between organization and employee.

Culture

Vision & Goals:

Aligning the vision and goals of the organization with those of employees is the key element to achieving the same. NEXT would ensure that the Vision and Mission statements of the organization would be imbibed in the work culture and also continuously reviewed for reach amongst the workforce.

Leadership:

Gaining the confidence and trust of team members would be the main priority for managers and leaders at NEXT. A culture of participative/democratic style of leadership that encourages employee opinion and suggestions for business and team decisions would be followed at NEXT.

Co-workers:

Encouraging a spirit of team-work and “a spirit of camaraderie” amongst employees to assist each other personally and professionally at any time would create a wonderful work environment where every employee likes to contribute and is not feeling left out.

Security:



Every employee would always look for an assurance of job-security from the management and leadership. Hence, by promoting continuous learning, attractive reward systems, transparent performance management and many other strategies as discussed, the organization would provide a strong assurance of job security to employees and encourage them to perform better.

Values:

NEXT has a strong set of values and principles at the workplace and it also needs to rigorously promote the same amongst employees, thereby ensuring that business is being conducted the exact same way throughout the organization.

Personal

Ambition:

The line managers/business unit leaders at NEXT would ensure that they keep a continuous track of employee ambitions right from the time of recruitment to promotions. Encouraging employees to achieve more than their ambition and also guiding them towards the same would promote a high performance work culture.

Flexibility:

Promoting a culture of flexibility in the organization through practices like flexi-timing, holiday choices etc. would encourage employees to adjust their schedules in order to complete work within required time frame and also catering to their personal commitments. NEXT strongly believes that all employees should maintain a healthy work-life balance and also that work and personal life are two phases that complement each other.

Confidence:

If an employee is satisfied and confident about his organization and job, there would be no grievances relating to performance – a basic principle of the employee engagement and retention policy at NEXT. Encouraging employees to have faith in their abilities and that of the organization and also guiding them to put these abilities to best use would be a primary responsibility for line managers.

Competition:

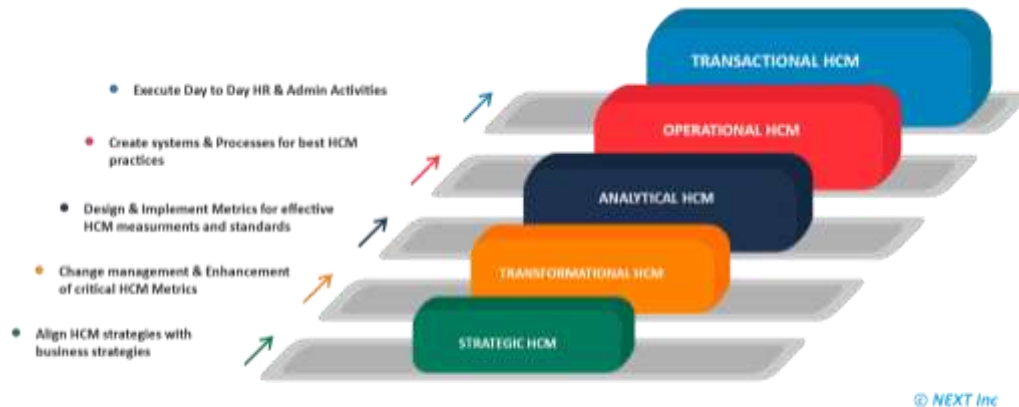
There is no sense of achievement without healthy competition, a strong business principle that would be imbibed across the organization. Promoting competition amongst employees would not only give good results but also opens a window for learning through best performances.



HCM Accountability at NEXT

The HCM process at NEXT aims at creating a work environment that continuously focuses on performance enhancement of employees and the organization, mainly through systems and processes that are specifically designed to align the HCM strategy with that of business strategy.

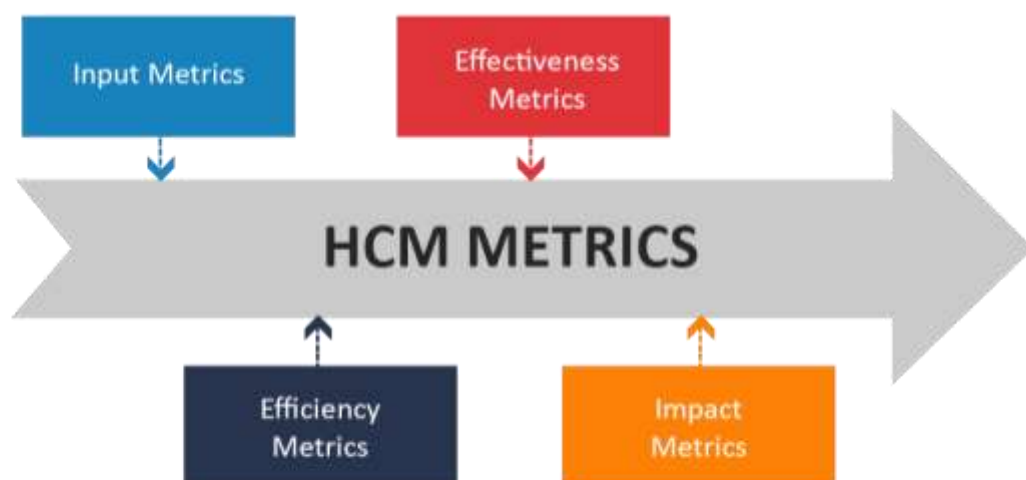
All systems and processes designed are specifically objective in structure and output, i.e. they are designed in such a way that critical HCM factors that contribute to organizational growth are measured and recorded in order to keep track of improvements and benchmarks for the same.



The above illustration depicts the various stages that the HCM function would take in the organization. The analytical stage is crucial for the HCM process since it lays the foundation for transformation and then strategic alignment of HCM and organizational goals.

HCM Metrics

The metrics for HCM are divided into four different categories as shown below.



Input Metrics

These are metrics that are a result of combination of small numbers that would totally give a whole number or figure of a specific process. These metrics are used in other HCM Metrics for calculation of critical HCM values that help in decision-making and strategising.

Some examples are:

1. Total number of employees
2. Total number of new hires
3. Total Operating Cost
4. Overall Revenue
5. Total number of Promotions/Resignations/Transfers.

Efficiency Metrics

These metrics are those that describe the efficiency of the HCM Process. They use Input Metrics for calculations. The critical metrics across the employee life cycle are:

Recruitment Metrics		
METRIC	CALCULATION	DESCRIPTION
Total Hires As a Percent of Headcount	Number of new external and internal hires ÷ Total headcount	The number of external and internal hires as a percentage of total headcount
Recruitment Time	Total days elapsed to fill vacancies ÷ Number hired	Number of days from which job requisition was approved to new hire start date



Offer Acceptance Rate	Total offers accepted ÷ Total offers extended	The total offers that were accepted out of the offers extended by NEXT
Recruitment Cost	Total Cost of Recruitment ÷ Total new hires	The cost of recruitment per new hire

The above metrics can be further bifurcated according to need: For example, total hires can be divided into external and internal hires and the respective metrics can be calculated using the above calculations

customised

accordingly.

Training Metrics		
METRIC	CALCULATION	DESCRIPTION
Percentage of Employees Trained	Number of employees trained ÷ Employee headcount	The number of employees receiving training as a percentage of total employee headcount
Training Investment Factor	Total training costs ÷ Employee headcount	Training cost per employee
Training Hours Per Employee	Training & Development hours ÷ Employee headcount	The number of hours spent on training & development per employee
Training Costs Per Hour	Total training costs ÷ Total training hours	The amount spent on training per employee per hour of training provided

Effectiveness Metrics

The metrics that measure the effectiveness of the various HCM practices at NEXT are the effectiveness metrics. They are generally designed as questionnaire type surveys that have a rating (1-4) for every statement. Every statement represents the effectiveness of a particular HCM strategy or process. A collection of such similar statements form Index scores for particular segment as follows:

1. Employee Satisfaction Index/Scores: This questionnaire provides an overall picture of employee satisfaction towards various domains of the organization like HR, Management, Supervisor, Team etc. The average score of all completed questionnaire would be the metric here.
2. Talent Management Index/Scores: This index records the scores of talent management practices in NEXT, these scores are also given by the employees.



3. Result-Oriented Performance Culture Index/Scores: The orientation of the organization's culture towards its overall objectives is measured here through employee feedback.

Impact Metrics

The impact metrics or output metrics are those that are derived from some of the above mentioned metrics. They are generally helpful in business decision-making for managers and to understand the performance of the HCM and the organization as a whole.

Impact Metrics		
METRIC	CALCULATION	DESCRIPTION
Income Factor	$(\text{Revenue} - \text{Operating expenses}) \div \text{Total Headcount}$	The amount of profit generated per full-time equivalent employee
Revenue Factor	$\text{Revenue} \div \text{Total Headcount}$	The amount of revenue generated per full-time equivalent employee
Average Compensation Paid to Each Employee	$\text{Compensation costs for all regular employees} \div \text{Total Headcount}$	The average compensation paid to each full-time equivalent employee
Average Total Compensation Paid to Employees	$(\text{Compensation costs for all employees on payroll} + \text{Benefit costs}) \div \text{Total Headcount}$	The average compensation and benefit costs per fulltime equivalent employee

Impact Metrics		
METRIC	CALCULATION	DESCRIPTION
Absenteeism Rate	$\{\text{No. days absent in month} \div (\text{Avg. no. of employees during month} \times \text{no. of workdays})\} \times 100$	Measures absenteeism rate for the month



Resignation Rate	$\text{Total Resignations} \div \text{Headcount}$	Total number of employees who submitted resignation as a percentage of headcount
First Year Attrition Rate	$\frac{\text{Number of resignations within 1 year of employment}}{\div \text{Headcount for same 1 year of employment}}$	The percentage of employees who left within the first year of employment
Overall Attrition Rate	$(\text{Voluntary} + \text{Involuntary separations}) \div \text{Regular employee headcount}$	The percentage of total employees who left
Career Path Ratio	$\text{Promotions} \div (\text{Promotions} + \text{Transfers})$	The number of employees moving upward in the organization as a percentage of all employee movement
Human Capital ROI	$\frac{\{\text{Revenue} - \text{Operating Expense} - (\text{Compensation cost} + \text{Benefit cost})\}}{(\text{Compensation cost} + \text{Benefit cost})}$	Return on investment ratio for employees
Human Capital Value Added	$\frac{\{\text{Revenue} - \text{Operating Expense} - (\text{Compensation cost} + \text{Benefit cost})\}}{\div \text{Total Headcount}}$	Value of workforce's knowledge, skill, and performance.

Talent Management Index/Scores

The effectiveness of various talent management practices at NEXT is measured using a questionnaire for the same. Talent management is divided into the following activities and 2 or 3 statements represent each activity in the questionnaire. The activities are:

- Culture and values
- Workforce planning & Recruitment
- Training and development



- Employee Engagement
- Rewards, recognition & Succession planning

The following questionnaire would be periodically distributed amongst employees for their opinions on talent management at NEXT (On a scale of 1-4 where Strongly Disagree-1, Disagree-2, Agree-3, Strongly Agree-4).

TALENT MANAGEMENT QUESTIONNAIRE

S No	Statement	Strongly Disagree	Disagree	Agree	Strongly Agree
1	The culture at NEXT encourages continuous learning and high-performance				
2	The workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.				
3	NEXT is able to hire the right people at the right time for all positions.				
4	New employees are very comfortable with their new roles and environment.				
5	Employees are given enough opportunities to improve their skills at NEXT.				
6	Training Needs Identification is performed continuously at NEXT.				
7	Adequate training is provided at NEXT for job related skills.				
8	NEXT encourages employees to provide their feedback continuously.				
9	Employees at NEXT are able to maintain a good balance between work and life.				
10	Top talent is identified and recognized at NEXT.				
11	Retaining top talent is not a challenge at NEXT.				
12	There are well defined succession plans at NEXT.				
Employee Satisfaction Index/Scores					

NEXT places high emphasis on employee satisfaction at the workplace by offering best resources and ensuring that the employees are not left helpless at any stage. Employee satisfaction at NEXT is measured across different areas in the organization; this is done in order to give clear attention to smallest details that may hinder employee satisfaction. The different areas of analysis for employee satisfaction at NEXT are:

- Leadership & Planning
- Culture & Communication
- Roles & Responsibilities
- Work Environment
- Supervision
- Training & Development
- Pay & Benefits

The following questionnaire would be periodically distributed amongst employees for their opinions to determine talent management scores at NEXT (On a scale of 1-4 where Strongly Disagree-1, Disagree-2, Agree-3, Strongly Agree-4).

EMPLOYEE SATISFACTION QUESTIONNAIRE					
S No	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
1	On the whole, I am satisfied with NEXT as an employer				
	Leadership & Planning at NEXT				
2	The long-term and short-term goals of NEXT are very clear to me				
3	The leaders of this organization care about their employees' well being				



4	The leaders of this organization are open to employee inputs				
5	There is adequate planning and follow-up of corporate objectives				
6	There is adequate planning and follow-up of departmental objectives				
7	There is adequate planning and follow-up of personal objectives				

S No	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
	Culture & Communication at NEXT				
8	The corporate policies and regulations at NEXT are frequently communicated to employees				
9	There is a spirit of cooperation within the organization at NEXT				
10	NEXT treats its employees fairly regardless of diversity				
11	I like the people I work with at NEXT				
12	Changes that affect my work are communicated well in time				
13	I feel part of a team working toward a shared goal				
	Roles & Responsibilities at NEXT				
14	I understand the importance of my role to the success of the organization				
15	I have a clear understanding of my job Roles & Responsibilities				
16	My job makes good use of my skills and abilities				
17	I am given enough authority to make decisions regarding my job				
18	I am able to maintain a reasonable balance between work and my personal life				



	Work Environment at NEXT				
19	Physical working conditions at NEXT are good				
20	I feel physically safe in my work environment				
21	Everybody at NEXT share a high level of motivation towards work				
22	The peer attitude at NEXT is generally friendly and co-operative				
23	NEXT encourages fun at work to ensure employees enjoy their work				

S	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
No					
Supervision at NEXT					
24	My supervisor treats me fairly and with respect				
25	My supervisor handles my work-related issues satisfactorily				
26	My supervisor handles my personal issues satisfactorily				
27	My supervisor acknowledges good work and provides feedback when needed				
28	My supervisor is open to feedback and inputs				
29	My supervisor helps me develop to my fullest potential				
Training & Development at NEXT					
31	The organization provides adequate initial & ongoing training required for my job				
32	There is enough information, equipment and resources I need to do my job well at NEXT				



33	NEXT offers training or experiences to help me explore other possible opportunities within the company				
34	There are adequate opportunities for career advancement at NEXT				
35	I am clearly told of NEXT's expectations for my career advancement				
36	NEXT recognizes & fairly rewards good performances				
Pay & Benefits at NEXT					
37	I am fairly paid for the work I perform				
38	The variable pay motivates me to perform better at NEXT				

Result-Oriented Performance Culture Index/Scores

- The performance culture at NEXT is highly objective, measurable and aligned towards overall strategy with primary focus on results.
- Performance standards are set across the organization for teams and individuals, thereby measuring their contribution towards overall goals.
- Any performance metric that is set for an Individual employee is clearly done in cooperation with the employee themselves, i.e. all goals at NEXT would be mutually agreed goals between employee and manager.
- Each employee is assigned around ten KRAs (Key Result Areas) that would contribute to their overall job description. These KRAs would be designed in a manner which is purely objective and measurable, thereby evaluating every employee on an overall scale of 1 to 5.
- The average of scores of employees in a team would give the score of the team and an average of all teams would give the overall score of the organization. The Job Descriptions and respective KRAs would be designed in collaboration with respective functional heads.

