SANKALPA INTEGRATED SOLUTIONS (SAINSOL)

Talent Radar

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HR as a Strategic Business Partner

Monthly Journal on HR, Finance, Compliance & ESG

Connecting Talent, Business and Compliance

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EDITOR'S NOTE

From the Editorial Desk

Dear Readers,

Welcome to the second edition of Talent Radar.

The role of Human Resources is undergoing a profound transformation. No longer confined to administrative functions, HR today sits at the strategic table — contributing to business performance, financial planning, regulatory compliance, and sustainability.

In this edition, we explore four critical intersections that define the modern HR function in India:

HR Meets Finance — understanding how people decisions are, in fact, business decisions that impact profitability and enterprise value.

HR, PMLA & Economic Laws — recognising HR as the first line of defence against corporate fraud, with responsibilities spanning due diligence, governance, and ethical hiring.

HR & ESG — building sustainable organisations through people, purpose, and governance, where HR drives the Social and Governance pillars.

HR & Artificial Intelligence — navigating the shift from automation to augmentation, where AI transforms processes while human intelligence builds trust and culture.

Each article is designed to offer practical, actionable insights for Indian HR professionals, business leaders, and compliance officers. Our goal remains unchanged: to connect talent, business, and compliance in ways that create lasting organisational value.

We hope this edition equips you with frameworks and perspectives that you can implement immediately.

Warm regards,
The Editorial Team
Sankalpa Integrated Solutions

HR Meets Finance

When People Decisions Become Business Decisions

The relationship between Human Resources and Finance is no longer one of mere budget approvals and headcount requests. In today's competitive business environment, HR and Finance must function as strategic partners — jointly driving profitability, productivity, and sustainable growth.

For Indian organisations navigating rapid economic change, this collaboration is not optional. It is essential.

The Strategic Intersection

HR decisions have direct financial consequences. Every hiring decision is an investment. Every resignation is a cost. Every employee is a contributor to enterprise value. When HR and Finance align on workforce planning, recruitment budgeting, and productivity metrics, the organisation gains a powerful competitive advantage.

Key Collaboration Areas:

• **Workforce Planning & Budgeting** — Joint forecasting of talent needs aligned with business growth projections and financial capacity.

• **Recruitment Cost Optimisation** — Analysing cost-per-hire, time-to-fill, and quality-of-hire metrics to maximise recruitment ROI.

• **Compensation & Benefits Strategy** — Designing pay structures that attract talent while maintaining financial sustainability.

• **Productivity Metrics** — Measuring revenue per employee, payroll as percentage of revenue, and training ROI.

• **Attrition Cost Analysis** — Quantifying the true cost of turnover including recruitment, training, lost productivity, and institutional knowledge loss.

HR-Finance Metrics That Matter

Indian HR leaders must track these critical financial metrics to demonstrate strategic value:

Cost Per Hire — Total recruitment expenditure divided by number of hires. Benchmark against industry standards to identify inefficiencies.

Revenue Per Employee — Total revenue divided by headcount. A key indicator of workforce productivity and organisational efficiency.

Payroll as % of Revenue — Helps determine if compensation structures are sustainable relative to business performance.

Training ROI — Measuring the return on learning investments through productivity gains, promotion rates, and retention improvements.

Attrition Cost — The full cost of replacing an employee (typically 1.5x to 2x annual salary when accounting for recruitment, onboarding, and lost productivity).

Time to Productivity — How quickly new hires reach full performance. Shorter ramp-up times indicate effective onboarding and role clarity.

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>
> — Talent Radar Insig

HR, PMLA & Economic Laws

Why Human Resources is the First Line of Defence Against Corporate Fraud

Corporate fraud rarely begins with a financial transaction. It often begins with weak governance and inadequate hiring controls. In the Indian regulatory context — where the Prevention of Money Laundering Act (PMLA), Companies Act, and various economic offence statutes impose stringent obligations — HR plays a critical role in organisational defence.

HR as Gatekeeper

The HR function is uniquely positioned to prevent fraud at its source. From the moment a candidate is screened to the day an employee exits, HR controls the processes that either enable or prevent corporate misconduct.

Key HR Responsibilities in Fraud Prevention:

• **Background Verification** — Comprehensive checks on employment history, educational credentials, criminal records, and reference validation.

• **Documentation & Identity Verification** — Ensuring KYC compliance for all employees, particularly in regulated industries.

• **Conflict of Interest Management** — Identifying and managing situations where personal interests may compromise professional duties.

• **Whistleblower Mechanisms** — Establishing and promoting safe channels for reporting unethical behaviour.

• **Ethical Culture Building** — Regular training on corporate ethics, anti-bribery policies, and compliance awareness.

• **Exit Controls** — Ensuring proper handover, access revocation, and exit interviews that may reveal systemic issues.

Fraud Risks & HR Coordination

Common Fraud Risks Where HR Plays a Role:

• **Payroll Fraud** — Ghost employees, unauthorised salary changes, and fictitious overtime claims. HR must maintain accurate headcount records and conduct periodic payroll audits.

• **Identity Theft & Impersonation** — Candidates using forged documents or assumed identities. Robust verification processes are essential.

• **Insider Threats** — Employees with access to sensitive financial systems who may exploit weak controls. HR must coordinate with IT on access management.

• **Vendor Collusion** — Employees colluding with external vendors for kickbacks. Conflict-of-interest declarations and rotation policies help mitigate this risk.

HR-Finance-Compliance Coordination:

Effective fraud prevention requires seamless coordination between HR, Finance, and Compliance functions:

• Joint review of employee access rights and financial authorities
• Shared reporting on unusual patterns (sudden lifestyle changes, unexplained absences)
• Coordinated investigation protocols when fraud is suspected
• Regular cross-functional training on emerging fraud typologies

The PMLA Connection:

Under PMLA, organisations in regulated sectors must maintain robust KYC processes not just for customers but also for employees. HR departments must ensure that employee onboarding processes align with anti-money laundering requirements, particularly in banking, financial services, and real estate sectors.

> "Corporate fraud rarely begins with a financial transaction. It often begins with weak governance and inadequate hiring controls."
>
> — Talent Radar Insight

HR & ESG

Building Sustainable Organisations Through People, Purpose and Governance

Environmental, Social, and Governance (ESG) has moved from the periphery to the centre of corporate strategy. While much attention focuses on the Environmental pillar, it is the Social and Governance dimensions where HR makes its most significant contribution.

For Indian organisations preparing for SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework, HR is not just a contributor — it is the primary driver of Social and Governance metrics.

HR's Role in the Social Pillar:

• **Diversity & Inclusion** — Building workplaces that reflect India's demographic diversity across gender, region, ability, and socioeconomic background.

• **Employee Wellbeing** — Mental health support, work-life balance policies, and safe working conditions.

• **Fair Labour Practices** — Ensuring compliance with labour laws, fair wages, and ethical treatment across the value chain.

• **Community Engagement** — CSR initiatives, skill development programmes, and local employment generation.

HR's Role in the Governance Pillar:

• **Ethics & Compliance Training** — Regular programmes on anti-bribery, anti-corruption, and code of conduct.

• **Board Diversity** — Supporting diverse representation at leadership and board levels.

• **Whistleblower Protection** — Maintaining robust mechanisms for reporting misconduct without fear of retaliation.

• **Transparent Reporting** — Accurate disclosure of workforce metrics, safety data, and governance practices.

ESG Indicators Driven by HR

HR professionals must track and report on these ESG indicators to demonstrate organisational commitment to sustainability:

Social Indicators:

• **Employee Retention Rate** — Stability of workforce and effectiveness of engagement strategies.

• **Diversity Ratios** — Gender, regional, and ability representation across all levels.

• **Learning Hours Per Employee** — Investment in continuous development and upskilling.

• **Employee Engagement Score** — Measured through regular pulse surveys and feedback mechanisms.

• **Workplace Safety Metrics** — Incident rates, near-miss reporting, and safety training completion.

Governance Indicators:

• **Ethics Training Completion** — Percentage of employees completing annual compliance training.

• **Internal Promotion Rate** — Demonstrating fair career progression and talent development.

• **Whistleblower Cases Resolved** — Effectiveness of grievance redressal mechanisms.

• **Board Diversity** — Representation of women, independent directors, and diverse backgrounds.

Why This Matters for Indian Companies:

SEBI's BRSR framework now requires listed companies to disclose workforce metrics including diversity, safety, and governance practices. HR departments that proactively track these indicators position their organisations for seamless compliance and enhanced investor confidence.

> "ESG is not only about protecting the environment; it is equally about protecting people and promoting ethical governance."
>
> — Talent Radar Insight

HR & Artificial Intelligence

From Automation to Augmentation: How AI is Transforming Human Resources

Artificial Intelligence is no longer a futuristic concept in Human Resources — it is a present reality reshaping how organisations attract, develop, and retain talent. For Indian HR professionals, understanding AI's capabilities and limitations is now a core competency.

The shift is not about replacing human judgment but augmenting it. AI handles data-intensive tasks at scale, freeing HR professionals to focus on strategy, culture, and relationship-building.

Key AI Applications in HR:

• **Resume Screening & Shortlisting** — AI algorithms can process thousands of applications in minutes, identifying candidates who match role requirements based on skills, experience, and potential.

• **Virtual Assistants & Chatbots** — Handling routine employee queries on leave policies, benefits, and procedures — available 24/7 without HR team intervention.

• **Learning Recommendations** — Personalised training suggestions based on role requirements, skill gaps, and career aspirations.

• **Predictive Analytics** — Forecasting attrition risk, identifying high-potential employees, and predicting workforce needs.

• **Sentiment Analysis** — Monitoring employee engagement through survey responses, communication patterns, and feedback channels.

• **Automated Report Generation** — Creating compliance reports, workforce analytics dashboards, and performance summaries.

"History remembers great kingdoms for their governance, not merely their riches.

Likewise, great organisations are remembered not for the size of their balance sheets, but for the quality of their people, the integrity of their decisions, and the values that guide them."