

Human Resource Management

Uday Kumar Haldar

Principal

*Swami Vivekananda Institute of Management
and Computer Science
Kolkata*

Juthika Sarkar

HR practitioner

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Brief Contents

<i>Preface</i>	<i>v</i>
<i>Features of the Book</i>	<i>x</i>
PART I: INCEPTION	1
1. Understanding Organizations	4
2. Changing Business Scenario—Focus on Human Resource Management	18
3. Human Resource Management: An Overview	39
4. Talent Management and Employee Engagement	84
5. Competency Framework for Talent Management	109
PART II: HR SYSTEMS	151
6. Manpower Planning, Recruitment, and Selection	153
7. Induction and Placement	209
8. Performance Management System	235
9. Training and Development	281
10. Multi-source Assessment and Feedback System	361
11. Potential Appraisal, Career System, and Succession Planning	383
12. Compensation, Rewards, Incentives, and Wage Administration	412
13. Separation and Beyond	496
14. Developing Workers and Subordinate Staff	514
PART III: CONTEMPORARY ISSUES IN HRM	533
15. Managing Change	535
16. Knowledge Management	556
17. Human Resource Development Audit	585
18. Ethics and Corporate Social Responsibility	610
19. Managing Globalization	633
20. Technology and HRM	651
21. Work–Life Balance	667
22. Quality Management and HRM: JIT, 5S, Kaizen, Six Sigma	688
23. HRM Strategies	724
24. HRM in Various Sectors	738
PART IV: RESEARCH IN HRM	765
25. Research in HRM	766
<i>Appendix A: Stress Management</i>	<i>796</i>
<i>Appendix B: Organizational Climate and Organizational Role Stress</i>	<i>807</i>
<i>Appendix C: Leadership Styles in Organizations</i>	<i>816</i>
<i>Index</i>	<i>825</i>
<i>About the Authors</i>	<i>833</i>

Detailed Contents

<i>Preface</i>	<i>v</i>
<i>Features of the Book</i>	<i>x</i>
<i>Brief Contents</i>	<i>xii</i>

PART I: INCEPTION **1**

1. UNDERSTANDING ORGANIZATIONS **4**

<i>Case Study: A Perplexed Entrepreneur</i>	<i>4</i>
Introduction to Organization	<i>5</i>
Organizations and Leadership	<i>7</i>
The Organization and its People	<i>8</i>
The Changing Role of HR functions	<i>8</i>
Focusing on the Customer	<i>9</i>
Teaming and Supporting Non-hierarchical and Informal Structures	<i>10</i>
Visionary Leadership	<i>10</i>
Change in Language and Style	<i>11</i>
Egalitarian Organization	<i>11</i>
Organizational Behaviour and Job Attitudes	<i>12</i>
<i>Case Study: M/s Agrawal Enterprises (Year 2000)</i>	<i>14</i>
<i>Biography: N.R. Narayana Murthy</i>	<i>16</i>

2. CHANGING BUSINESS SCENARIO—FOCUS ON HUMAN RESOURCE MANAGEMENT **18**

<i>Case Study: Computech Services Limited</i>	<i>18</i>
Introduction	<i>19</i>
Understanding Business	<i>19</i>
Business Environment	<i>20</i>
General Environment	<i>21</i>
Task Environment	<i>25</i>
Social Responsibility of Business	<i>26</i>
Dimensions of Environment	<i>27</i>
Nature of Environment	<i>28</i>
Organizational Boundaries	<i>29</i>
Boundary-spanning Process	<i>29</i>
Organizations and Environment Interface	<i>29</i>
Strategy to Deal with Environment	<i>30</i>
Business Development	<i>31</i>
Organizational Performance	<i>31</i>
Focus of HRM	<i>32</i>
Accountability	<i>33</i>

HRM in a Dynamic Environment	<i>33</i>
<i>Case Study: Leadership Change in Victor Electronics Limited</i>	<i>36</i>
<i>Biography: Peter Drucker</i>	<i>37</i>

3. HUMAN RESOURCE MANAGEMENT: AN OVERVIEW **39**

<i>Case Study: Importance of Direct Communication</i>	<i>39</i>
Introduction	<i>40</i>
Personnel Management	<i>40</i>
Industrial Relations	<i>41</i>
Industrial Democracy	<i>42</i>
Industrial Relations Issues Related to Contract Labour	<i>43</i>
Contract Labour (Regulation and Abolition) Act, 1970	<i>44</i>
Evolution of Trade Unions	<i>44</i>
Industrial Disputes	<i>45</i>
Industrial Disputes Act, 1947	<i>45</i>
Group and Group Dynamics	<i>46</i>
Human Resource Management	<i>47</i>
Personnel Management vs HRM	<i>49</i>
Strategy for HRM	<i>50</i>
Steps in Developing HRM Strategy	<i>50</i>
Scope of HRM	<i>51</i>
HRM and IT	<i>53</i>
HRM and Strategic Management	<i>54</i>
HRM and Competency Enhancement	<i>55</i>
HRM and TQM	<i>55</i>
HRM and Performance Management	<i>56</i>
HRM and Leadership Development	<i>56</i>
HRM and Change	<i>57</i>
HRM during Other Organizational Phenomenon	<i>59</i>
Functioning of HRM Systems	<i>62</i>
Culture, Organization, People, Systems	<i>62</i>

VRIO Framework	64	
Roles and Responsibilities of HR Managers	65	
Role as Business Partner to Organizations	66	
Role as Employee Advocate	66	
Strategic HRM	67	
Traditional HRM vs Strategic HRM	67	
Strategic HRM vs HR Strategy	67	
Turnaround Strategies for HRM	68	
Role of HR during Turnaround	70	
Motivation	71	
Theories of Motivation	72	
A New Look at HR	75	
Case Study: Magna Industries Limited	78	
Biography: Udai Pareek	80	
4. TALENT MANAGEMENT AND EMPLOYEE ENGAGEMENT	84	
Case Study: Managing Talent in Public Sector Banks	84	
Introduction	85	
Focus of HRM	86	
Talent Management	87	
Acquiring Talent—Manpower Planning and Recruitment	88	
Retaining Talent—Induction and Placement	90	
Nurturing Talent—Performance Management System	91	
Multiplying Talent—Development System	91	
Developing Talent—Multi-source Feedback	92	
Advancing Talent—Potential Appraisal and Career System	93	
Recognizing Talent—Reward System	94	
Promoting Talent—Compensation Management	94	
Networking Talent—Separation and Beyond	95	
Engaging Talent—Developing Workers and Sub-staff	95	
Talent Management—An Essential HR Function	96	
Talent Mapping	98	
Employee Engagement	99	
Employee Engagement—Relationship with Talent Management	100	
Means to Promote Employee Engagement	100	
Talent War	101	
Case Study: Talent Acquisition Procedures at Wipro Ltd (Infotech)	104	
Biography: Robert Owen	107	
5. COMPETENCY FRAMEWORK FOR TALENT MANAGEMENT	109	
Case Study: Competency Framework at Reliance Communications	109	
Introduction	111	
Competency	112	
Iceberg Model of Competencies	113	
Competence vs Competency	113	
Types of Competencies	114	
General Competency	114	
Functional Competency	115	
Technical Competencies	116	
Business Competencies	117	
Interpersonal Competencies	117	
Intellectual Competencies	117	
Competency Set	118	
Competency Mapping	119	
Need for Competency Mapping	119	
Objectives of Competency Mapping	120	
Benefits of Competency Approach	121	
Competency Framework	122	
Developing a Competency Framework	124	
Competency Mapping Methodology	126	
Assessment Centre	126	
Group Discussion	127	
In Tray	128	
Interview, Simulation/Role Plays	129	
Case Studies/Analysis Exercises	129	
Critical Incidents Technique	129	
Steps Involved in Critical Incidents Technique	130	
Interview Technique	131	
Questionnaire	132	
Common Metric Questionnaire	132	

Functional Job Analysis	133	Generic Competency Dictionaries	139
Multipurpose Occupational System		Competency Approach in Recruitment and Retention	139
Analysis Inventory	133	Elements of Recruitment and Retention	139
Occupational Analysis Inventory	133	Talent Management	141
Positional Analysis Inventory	134	Competency Framework for Talent Management	142
Work Profiling System	135	Talent Acquisition through Competency Framework	142
Psychometric Tests	135	<i>Case Study: Competency Mapping at Titan Industries Ltd</i>	146
Process of Developing Competency	137	<i>Biography: C.K. Prahalad</i>	148
Methods of Developing Competency Sets	138		
Resource Panel or Focus Groups	138		
Critical Event Interviews	138		
Competency-based Interviews	138		

PART II: HR SYSTEMS

151

6. MANPOWER PLANNING, RECRUITMENT, AND SELECTION

153

<i>Case Study: Manpower Planning and Recruitment</i>	153	Job Description	166
Introduction	154	Job Specification	167
Human Resource Planning	155	Job Evaluation	169
Human Resource	155	Methods of Job Evaluation	169
Major Activities in Human Resource Planning	157	Job Evaluation vs Personal Specifications	172
Approaches to Human Resource Planning	157	Recruitment	173
Social Demand Approach	157	Recruitment Philosophy	173
Rate of Return Approach	157	Recruitment Policy	173
Manpower Requirement Approach	158	Recruitment Objectives	174
Human Resource Forecasting	158	Recruitment Strategy	174
Types of Forecasts	158	Recruitment Strategy vis-à-vis Corporate Strategy	176
Demand Forecasting	159	Recruitment Process	177
Supply Forecasting	159	Sources of Recruitment	177
Human Resource Forecasting Techniques	160	Internal Recruitment	177
Importance of Human Resource Planning	161	External Recruitment	179
Key to Managerial Functions	161	Electronic Recruitment (E-Recruitment)	180
Efficient Utilization	161	Techniques of Online Recruitment	180
Motivation	161	Sources of Human Resource and Means of Attracting Them	181
Better Industrial Relations	162	Most Common Sources of Human Resource	181
Higher Productivity	162	Attracting Human Resource	182
Responsibility and Accountability	162	Selection	183
Job Analysis, Job Description, and Job Specification	162	Selection Tests	183
Job Analysis	163	Selection Interview	185
		Interview Assessment	186
		Interview Question Bank	186
		Selection Decision	186
		Recruitment vs Selection	187

Issues of Gender in Recruitment and Selection	188	Problems Encountered during Induction	221
Rationale for Recruitment and Selection Policy	188	Consequences of Ineffective Induction	221
Credential Verification or Reference Checking	189	Checklists for Induction	222
Improving Reference Checking	190	Checklist on Preparation	222
Making the Offer	190	Checklist on Working Environment	222
Accounting of Recruitment and Selection	191	Checklist on Mandatory Learning Content	223
<i>Case Study: Recruitment and Selection at AMRI Hospital</i>	196	Checklist on Location-/Region-specific Information	223
<i>Biography: Jack Welch</i>	198	Checklist on Business-specific Knowledge	223
<i>Annexure 6.1: Job Analysis—Purchase Manager</i>	200	Trends in Induction	224
<i>Annexure 6.2: Job Analysis—Training and Development Manager</i>	200	Role of HR in Employee Induction	225
<i>Annexure 6.3: Invitation for Interview</i>	201	Organizational Practices of Induction Placement	227
<i>Annexure 6.4: Job Analysis Work Sheet</i>	202	Global Placement	228
<i>Annexure 6.5: Interview Assessment Form</i>	203	<i>Case Study: Induction of Chargeman at OFILIS, Ishapore</i>	230
<i>Annexure 6.6: Question Bank for Interviewers</i>	204	<i>Biography: Douglas Murray McGregor</i>	233
<i>Annexure 6.7: Credential Verification Format</i>	206		
<i>Annexure 6.8: Personality Inventory</i>	207		
7. INDUCTION AND PLACEMENT	209	8. PERFORMANCE MANAGEMENT SYSTEM	235
<i>Case Study: Need for Behavioural Modification</i>	209	<i>Case Study: Flaw in Performance Appraisal System</i>	235
Introduction	210	Introduction	236
Objectives of Induction	211	Performance	236
Need for Induction	212	System Theory and Human Performance	237
Content and Duration of an Induction Programme	213	Performance Management	238
Orientation	214	Stakeholders in the Performance System	238
Induction vs Orientation	215	Performance Planning and Review	239
Elements of Induction	215	Performance Appraisal	239
Types of Induction	216	Appraisal—Basic Purposes	240
Induction Policy	217	Performance Appraisal—A Process Approach	241
Organization-centric Induction Policy	217	Performance Appraisal Benefits	242
Employee-centric Induction Policy	218	Performance Appraisal Methods	243
Design of an Induction Process	218	Management by Objective	243
Roles and Responsibilities Involved in the Induction Process	220	Management by Objective—The Process	244
		Multi-source Assessment and Feedback System	246
		Balanced Scorecard	247
		Behaviourally Anchored Rating Scale	247
		Advantages of BARS	248
		Ranking Methods	248
		Simple Ranking	249
		Alternation Ranking	249

Paired Comparison	250	Components of Training	290
Forced Distribution	250	Clients in Training Process	292
Annual Confidential	250	Role of Trainers	292
Comparison of Appraisal Tools	251	Behaviour of a Trainer towards Learners	293
Performance Review	251	Planning the Training	294
Superior Performance	251	Training Policy	296
Setting Goals	252	Training Objective	296
Acid Test of Target Setting	253	Training Validation	297
Uses of Performance Appraisals	253	Different Phases of Training	297
Business and Balanced Scorecard	256	Identifying the Training Need	298
Uses of Balanced Scorecard	257	Developing the Training Curriculum	302
Metrics of Balance Scorecard	257	Training Specification	302
HRD Scorecard	259	Ways to Produce the Desired Result	304
Use of Computer Software	260	Steps in Designing a Training Programme	304
Performance Appraisal Problems	261	Training Methods	305
Establishing Performance Standards	263	Impediments to Effective Training	312
Ensuring Transparency	264	Time and Facilities Required	314
Comparison between Performance		Designing Appropriate Pedagogy	315
Appraisal and Performance		Productive Pedagogy	315
Management	265	Andragogy—Science of Training Adults	316
Related Systems or Sub-systems	265	Developing Training Modules	317
Potential Appraisal	265	Training Formats	318
Career and Succession Planning	266	Syllabus of the Course or MDP	319
Performance Coaching	266	Bio-data of Participants	319
Counselling	268	Feedback Format	319
Reward and Compensation		Post-training Impact Measurement	
Management	268	(from Trained Personnel)	319
HR Measurement and Audit	269	Post-training Impact Measurement	
Performance Management Practices	269	(from Immediate Supervisor or	
<i>Case Study: Performance Management System at</i>		Training Manager)	320
<i>Titan Industries Ltd</i>	273	Faculty Database	321
<i>Biography: Aubrey C. Daniels</i>	277	Records of Qualification and Experience	321
		Document Amendment Form	321
9. TRAINING AND DEVELOPMENT	281	Training Audit Plan	322
<i>Case Study: Importance of Training Design</i>	281	Training Audit Schedule	322
Introduction	282	Training Audit Report	323
Business Goals vs Training	283	Evaluation of Training Programme	324
Business Strategy and Training	284	Scope of Evaluation	325
Training Content to Achieve Business		Purposes of Evaluation	326
Goals	285	Process of Training Evaluation	327
Training and Development	285	Evaluation Method Selection	328
Principal Learnings in Training	287	Training Evaluation Models	328
Training as a System	288	Kirkpatrick's Framework of Four	
Training—A Tool for Developing Work		Levels Model	328
Culture	288	Jack Philip's ROI Method	329
		Stufflebeam's CIPP Model	330

Warr, et al.'s CIRO Model	330	
Virmani and Premila Model	331	
Training Evaluation—A Different Approach	333	
Management Development Programmes	334	
Need for Management Development	334	
Concept of Management Development	335	
Management Development Objectives	335	
Management Development Techniques	335	
Post-training Work for Making Training Effective	336	
Training Documents and Records	336	
Record Management	337	
Characteristics of Record Management	337	
Record Retention Time	338	
Training Records and Their Classification	339	
Record Keeping—Concept of 5S	341	
Improving Training Methods	342	
Benchmarking of Training Practices	342	
Training Wheel	343	
Globalization of Training Programmes	344	
<i>Case Study: Assessment of Training Needs in Allahabad Bank</i>	347	
<i>Biography: Prof. B.R. Virmani</i>	350	
<i>Annexure 9.1: Bio-data of Participants</i>	351	
<i>Annexure 9.2: Feedback Format</i>	352	
<i>Annexure 9.3: Post-training Impact Measurement (From Trained Personnel)</i>	354	
<i>Annexure 9.4: Post-training Impact Measurement (From Immediate Supervisor or Training Manager)</i>	355	
<i>Annexure 9.5: Example of Post-training Impact Measurement (From Immediate Supervisor or Training Manager)</i>	357	
<i>Annexure 9.6: Procedure for Control of Documents</i>	359	
<i>Annexure 9.7: Procedure for Control of Records</i>	360	
10. MULTI-SOURCE ASSESSMENT AND FEEDBACK SYSTEM		361
<i>Case Study: Methodical Implementation of MAFS</i>	361	
Introduction	362	
Performance	363	
Performance Management	363	
Performance Appraisal	364	
Multi-source Assessment and Feedback System	367	
Objectives of MAFS	367	
Advantages of MAFS	368	
Prerequisites of MAFS	369	
Value of MAFS	370	
Indian Model of Leadership Development	371	
MFAS Instruments	373	
Philips Leadership Competencies and the 360-degree Appraisals	373	
Limitations of MAFS	375	
Organizational Practices	376	
<i>Case Study: Eureka Forbes Limited</i>	379	
<i>Biography: Clark L. Wilson</i>	382	
11. POTENTIAL APPRAISAL, CAREER SYSTEM, AND SUCCESSION PLANNING		383
<i>Case Study: Unrealized Employee Potential Retards Organizational Growth</i>	383	
Introduction	384	
Potential Appraisal	384	
Potential Appraisal vs Performance Appraisal	385	
Categories of Potential	385	
Indicators of Potential	386	
Potential Appraisal Report	386	
Potential Appraisal at Maruti Udyog Ltd	387	
Career Systems	388	
Career Stages	388	
Career Path	389	
Career Anchors	390	
People and Their Careers	392	
Career Development Perspectives	393	
Transitions and Choices	393	
Job Transition and Career Concerns	394	
Career Problems	395	
Career Development—Individual Strategies	396	
Self-management	398	
Success of Career Planning	399	

Limitation of Career Planning	399	Determinants of Compensation	424
Career Development—Organizational Strategies	399	Product Market	424
Career Development vs Organizational Development	401	Labour Market	424
Assessment Centre and Development Centre	401	Types of Compensation	425
Differences between Assessment and Development Centres	402	Components of Compensation System	425
Potential Assessment Practices	403	Compensation Issues	425
Succession Planning	403	Determinants of Compensation Structure	426
Leadership Pipeline: An Overview	405	Compensation Administration	427
Standard for Judging Potential	405	Principles of Compensation Administration	427
Succession Planning vs Career Planning	406	Principles of Compensation Formulation	427
Succession Planning vs Leadership Development at Philips Electronics India and ABB	407	Compensation Survey	428
<i>Case Study: Career Decision-making in Turbulent Business Situations</i>	409	Compensation Practices in India	431
<i>Biography: Edgar Henry Schein</i>	410	Faults in Compensation Design	431
12. COMPENSATION, REWARDS, INCENTIVES, AND WAGE ADMINISTRATION	412	Compensation Plan	432
<i>Case Study: Settling Compensation System in Precision Engineering Works</i>	412	Significance of Employee Compensation	432
Introduction	413	Direct Compensation	433
Compensation	413	Indirect Compensation	433
Executive Compensation	414	Pay Equity	434
Strategic Compensation	415	Compensation Benchmarking	434
Compensation Domain	415	Broadband Pay Planning	435
Economic Concept	415	Compensation and VIE Theory	435
Psychological Concept	416	Ethics in Compensation	436
Compensation System—Behavioural Issues	416	Bases for Ethics in Compensation	437
Sociological Concept	417	Job Evaluation System	438
Political Concept	418	Hay Job Evaluation System	438
Equity Concept	418	Legal Considerations in Compensation	439
Communication Concept	418	Rewards	440
Multi-disciplinary Concept	418	Psychological Basis of Rewards	441
Eligibility for the Reward	419	Aims of Employee Rewards in India	441
Compensation and Organizational Effectiveness	420	Purpose of Reward Systems	442
Compensation Package	420	Skills and Rewards	442
Primary Compensation Objectives	422	Reward System—A Definition	443
Secondary Objectives of Compensation	423	Total Rewards—The Meaning	443
		Elements of Total Rewards	443
		Work–Life Balance	444
		Performance and Recognition	444
		Performance	444
		Recognition	445
		Development and Career Opportunities	445
		Integrated Total Rewards Strategy	447
		Role of Culture	447
		Role of Environment	447

Need for Talent Attraction	447	Wage Boards	465
Need to Retain Talent	447	Wage Policy	466
Motivating the Talent	448	Objectives of Sound Wage Policy	466
Reward systems in the 21 st Century	448	Acts Concerning Wages and Salary	467
Performance-based Rewards	448	Payment of Wages Act, 1936	467
Designing the Reward System	449	Minimum Wages Act, 1948	472
Reward Design—Role of the Internet	450	Payment of Bonus Act, 1965	475
Determining the Cash Wage	450	Equal Remuneration Act, 1976	479
Fringe Benefits	451	Statutory Social Security Benefits	480
Reward System in India	451	Determining the Cash Wages	480
Elements of Employee Rewards in India	452	Checklist for Making Wage Structure	481
Incentives	453	Productivity and Work Study	482
Federal Wage System	454	Definition of Work Study	482
Role of Incentives	454	Work Study Elements	482
Incentive Programme	454	Piece Work Rate Calculation	482
Incentive Programme Components	455	Differential Piece Rate	483
CEO Incentives	455	<i>Case Study: Correlation between Performance and</i>	
Self-funding Incentive/Reward Schemes	456	<i>Incentives in State Bank of India</i>	487
Design of Self-funding Programme	457	<i>Biography: Michael Armstrong</i>	492
Communication	457	<i>Annexure 12.1: Best Practices—</i>	
Sales Incentive Plan	457	Functional Managers in HR/Finance	493
Wages—An Introduction	458	<i>Annexure 12.2: Best Practices—</i>	
Definitions of Wage	458	Compensation in Call Centres	494
Wages and Compensation	459		
Wage Components	460		
Non-wage Components	460	13. SEPARATION AND BEYOND	496
Wage Determination Methods	461	<i>Case Study: Angst of a Separated Official</i>	496
Determinants of Wage Rates	461	Introduction	497
Theories of Wage Determination	462	Separation	497
Traditional Theory of Wage		Lay-off	497
Determination	462	Resignation	498
Theory of Negotiated Wages	462	Dismissal or Discharge	498
Principles of Compensation		Retrenchment	498
Determination	462	Voluntary Retirement Schemes	499
Subsistence Theory	462	Transfer	500
Wages Fund Theory	463	Attrition	502
Surplus Value Theory	463	Key Attrition Factors	502
Residual Claimant Theory	463	Separation Management	502
Marginal Productivity Theory	463	Exit Interview	503
Bargaining Theory of Wages	463	Benefits of Exit Interview	504
Behavioural Theory of Wages	463	Guidelines for Exit Interviewers	505
Types of Wages	464	Exit Interview Questionnaire	506
Minimum Rate of Wages	464	Beyond Separation	506
Living Wage	464	Life Aspects	506
Fair Wage	465	Professional Aspects	507

Case Study: Managing the Mind after Separation—NHPC Limited 509
Biography: Sanjeev Himachali 510
Annexure: Exit Interview Questionnaire 511

14. DEVELOPING WORKERS AND SUBORDINATE STAFF 514

Case Study: Solve Problems and Develop 514
 Introduction 515
 Developing Technical Competence 516
 Preparing to Develop Workers 517
 Managing Generations of Workers 517
 Empowerment 517
 Barriers to Empowerment 519
 Forming Cross-functional Teams 519

Reorganization of Work 520
 Purposes of Reorganization 520
 Developing Virtues 521
 HRD for Workers 521
 Helping Workers Lead Productive Lives 522
 Developmental Supervision 523
 Dealing with Knowledge Workers 524
 Dilemmas Faced with Knowledge Workers 525
 Retention Strategy vs Development 526
 Most Preferred Retention Strategies 526
 Least Preferred Retention Strategies 527
Case Study: Developing Workers and Subordinate Staff 529
Biography: Sharu S. Rangnekar 531

PART III: CONTEMPORARY ISSUES IN HRM

533

15. MANAGING CHANGE 535

Case Study: Reducing Machine Breakdown at Elite Press Works Limited 535
 Introduction 536
 Business Scenario 536
 Instances of Changing Business Scenario 537
 Reasons for Change 537
 Change Management 538
 Planning and Analysis 539
 Effective Communication 539
 Process of Organizational Change 540
 Dynamics of the Change Process 541
 Resistance to Change 542
 Sources of Resistance vis-à-vis Coping Mechanisms 542
 Key to Change Management 543
 Methodical Approach to Change Management 544
 Key Roles in Organizational Change 544
 Corporate Management 545
 Consultant 545
 Internal Resource Person 546
 Implementation Team 546
 Chief Implementer 546
 Task Force 547
 Change Agent 547
 Manager vs Change Agent 548

Significance of Culture 548
 Proactive Approach to Managing Change 549
 S-P-S-T Model 551
 Positive Approach 551
Case Study: Developing Quality Culture in Eureka Hospital 553
Biography: John Paul Kotter 555

16. KNOWLEDGE MANAGEMENT 556

Case Study: Knowledge Management at Perfect Engineering Works 556
 Introduction to Knowledge 558
 Forms of Knowledge 559
 Tacit Knowledge 559
 Explicit Knowledge 560
 Seven Knowledge Levers 561
 Relationship Among Data, Information, Knowledge, and Wisdom 562
 Knowledge Management 563
 Brief History of Knowledge Management 564
 Value of Knowledge Management 565
 Knowledge Management Practices 567
 Role of Information Technology in Knowledge Management 568
 Role of Organizational Culture 569
 Tools of Knowledge Management 569

Knowledge Management Terms 570
 Framing a Knowledge Strategy 571
 Knowledge Business 572
 Mobilizing Knowledge 573
 Barriers to Knowledge Management 574
 Benefits of Knowledge Management 575
*Case Study: Partnership in Business Objectives at
 Eureka Forbes Limited* 579
Biography: Ikujiro Nonaka 583

17. HUMAN RESOURCE DEVELOPMENT AUDIT 585

*Case Study: Compensation System Review at
 United Dairy Limited* 585
 Introduction 586
 HR functions 586
 Procurement 587
 Development 587
 Compensation 587
 Maintenance 588
 Integration 588
 Good HR Practices 588
 Elements of Good Human Resource
 Development 589
 Verification of HR Activities 590
 HRD Audit 590
 Characteristics of HRD Audit 591
 HRD Audit for Business Improvement 592
 Scope of HRD Audit 593
 HR Audit Methodology 595
 Measure of Effectiveness of HR Practices 595
 Benchmarking 595
 Process Benchmarking 597
 Human Resource Accounting 597
 Objectives 598
 Advantages 598
 Limitations 599
 Human Resource Information System 599
 Issues while Adopting HRIS 599
 Sub-systems of HRIS 600
 Steps in Designing HRIS 600
 Advantages of HRIS 601
 Human Resource Research 601
 HR Auditing Process 601
 HR Auditor 602
 HRD Audit Documents 603
 HR Audit Outcomes 603

HRD Audit: Research Findings 604
*Case Study: HR Effectiveness—The Titan
 Practice* 606
Biography: T.V. Rao 608

18. ETHICS AND CORPORATE SOCIAL RESPONSIBILITY 610

Case Study: Preaching Ethics 610
 Introduction 610
 Ethics in the Workplace 611
 Importance of Ethics 612
 Code of Ethics: The Institution of
 Engineers (India) 612
 Code of Ethics: National HRD Network 613
 Business Ethics at Ericsson 614
 Ethics in Knowledge Business 615
 Factors Influencing Business Ethics 616
 Instilling Ethics 617
 Organizational Drives 617
 Instilling Ethics through Culture 618
 Ethics and Virtue 618
 Code of Conduct 618
 Corporate Social Responsibility 619
 CSR Continuum 620
 CSR Initiatives 620
 CSR Initiatives of Infosys Development
 Centres in 2009 621
 CSR Initiatives by NHPC 623
 CSR Activities by Tata Motors 623
 CSR Initiatives at Dr Reddy's Laboratories
 Limited 624
 Anand Corporate Services Limited 624
 Aptech Limited 624
*Case Study: Corporate Social Responsibility at
 PepsiCo India* 626
Biography: Immanuel Kant 630

19. MANAGING GLOBALIZATION 633

Case Study: Cross-border Failure 633
 Introduction 634
 Globalization—A Conceptual
 Framework 634
 Globalization Themes 636
 Globalization vs Delocalization 636
 Speed of Globalization 637

Globalization and Rise of MNCs	638
Multinational Corporation vs Transnational Corporation	638
Instability and Division	638
Multinational Companies and Global Business	639
Benefits of Globalization	640
Economic Progress	640
Poverty Alleviation	641
Cross-cultural Diversity	641
Managing Culture in a Global Company	641
Culture Management Elements	643
Intercultural Transitions	643
Threats of Globalization	644
Defining Competencies: The P-A-C-T Model	644
HRM in International Companies	645
<i>Case Study: Globalization Initiatives by Ericsson</i>	648
<i>Biography: Bina Chaurasia</i>	649

20. TECHNOLOGY AND HRM 651

<i>Case Study: Managing Technology Upgradation</i>	651
Introduction	652
Technology	652
Technology Today	652
Intellectual Capital	653
Technological Changes	653
Impact of Technology	654
Increasing Knowledge Intensity of Production	654
Greater Mismatch of Skills	655
Technology Management	655
Technology: Impact of Globalization	655
Technology and Quality	656
Technology and Work	656
TQM Implementation: Role of HRM	657
HR Initiatives	657
Developing a Change in Mindset	658
Changing Role of HRM	659
HRM Practices to Cope with Changes	660
Prescriptions for Better HRM	660
<i>Case Study: HRM Initiatives during Technology Upgradation</i>	663

Biography: Sam Pitroda 664

21. WORK-LIFE BALANCE 667

<i>Case Study: Problems of a Nuclear Family</i>	667
Introduction	667
Importance of Work-Life Balance	668
Measures for Work-Life Balance	670
Reasons for Imbalance	671
Consequences of Imbalance	672
Choices Involved in Improving Balance	673
Organization-level Intervention	674
Individual-level Intervention	674
Four Life Quadrants: Work, Family, Friends, and Self	675
Priorities of Employees and Employers	675
Family-friendly Workplaces and Workforce	676
Family-friendly Policy	676
Roles of Different Stakeholders	677
Current Practices and Trends	678
Best Practices in Individual Companies	679
Work-Life Balance Issues: Influence on Children	680
Relationship Between Flexi-time Retention	680
Flexi-time as a Retention Tool	681
Research Findings	681
Benefits of Study of Work-Life Balance	682
<i>Case Study: Work-life Balance of IISWBM Faculty and Staff</i>	684
<i>Biography: Dr Rosalie L. Tung</i>	686

22. QUALITY MANAGEMENT AND HRM: JIT, 5S, KAIZEN, SIX SIGMA 688

<i>Case Study: Application of JIT, 5S, and Kaizen in a Medium-Sized Company</i>	688
Introduction	689
Just-in-time	690
Elements of Cost	690
Purpose of JIT	691
Prerequisites of System	691
ABC Analysis	692
JIT Parameters	692
JIT and Design Flexibility	693
People Management	693

Role of HR in JIT	694	HRM Strategies	726
Introduction to 5S	694	HRM Strategies in Various Organizations	728
Seiri or Sorting	695	Strategies of Rashtriya Chemicals and Fertilizers	728
Seiton or Systematic Arrangement	696	Strategies of HAL	728
Seiso or Spic and Span	696	Strategies of ONGC	729
Shiketsu or Serene Atmosphere/Standardization	697	Strategies of the Knowledge Industry	729
Shitsuke or Self-discipline	697	Strategies for Common Organizational Aspects	729
Audit of 5S	698	Strategies to Manage Change	729
5S Manual	700	Strategies to Manage Conflict	730
5S Policy and Objectives	700	Ethics	731
Role of HR in 5S	701	Corporate Social Responsibilities	731
Introduction to Kaizen	701	Empowerment	731
Kairyo	702	Delegation	732
Cause–Effect Diagram	703	Purpose of Delegation	732
Checklist to Generate Kaizen Ideas	703	Determinants of Delegation	732
The Kaizen Environment	704	Principles of Effective Delegation	732
Role of HR in Kaizen	705	Linking HRM Initiatives with Business Goals/Strategy	733
Introduction to Six Sigma	705	Case Study: Growth Strategy for ABC Limited	735
Six Sigma Process	706	Biography: Michael E. Porter	736
Six Sigma and Value Enrichment	706		
SIPOC Diagram	707		
Organization as an Adaptive System	707		
Six Sigma DMAIC Methodology	707		
Steps to Achieving Six Sigma	708		
Steps for Implementing Six Sigma	709		
Translating VOC into CCR	709		
Six Sigma in HR	709		
Six Sigma Certification	711		
Role of HR in Six Sigma	711		
Six Sigma in Technical Education	712		
Model of Six Sigma in Technical Education	712		
Case Study: AMRI Hospital, Salt Lake	715		
Biography: Joseph Juran	719		
Annexure 22.1: Generic Dimensions Used by Customers to Evaluate Service Quality	720		
Annexure 22.2: Personality Traits	721		
23. HRM STRATEGIES	724	24. HRM IN VARIOUS SECTORS	738
Case Study: Failure to Achieve Goals due to Inadequate Planning	724	Case Study: Understanding Sentiments of Juniors Pays	738
Introduction	725	Introduction	739
Common HRM Goals	725	Strategies—Challenges and Applications	739
Strategy	726	HRM in Education	739
		HRM in the Knowledge Industry	741
		HRM in Infosys Technologies	743
		Strategies of Infosys	743
		HRM in Life Insurance Corporation of India	746
		HRD Philosophy	747
		Defined HR Goals of LIC	747
		HRM in Ordnance Factories, Ordnance Factory Board, Ministry of Defence	748
		HRM Strategy in Rashtriya Chemicals and Fertilizers Ltd	749
		Implementation of Strategies at RCF	750
		HRM in Hindustan Aeronautics Limited	751
		Vision	752
		Mission	752

Awards for Achievement	753
Strategic HRD Goal	753
Objectives	753
Focus of Human Resource Policy	753
HRD Initiatives	754

HRM in Voluntary Organizations	755
HRM Interventions	756
<i>Case Study: Functioning of the Panchayati Raj in West Bengal</i>	759
<i>Biography: Kumar Mangalam Birla</i>	762

PART IV: RESEARCH IN HRM

765

25. RESEARCH IN HRM

766

<i>Case Study: Pursuing Research</i>	766
Introduction	767
Purpose of Research	768
Motivation Behind Research	768
Types of Research	768
Applied vs Basic	769
Descriptive vs Analytical	769
Quantitative vs Qualitative	769
Conceptual vs Empirical	770
HR Research	770
Types of HR Research	771
Approaches to HR Research	771
Research on Employer Branding	773
Statistics	774
Descriptive Statistics	774
Inferential Statistics	776
Parametric Tests and Non-parametric Tests	776
Introduction to Statistical Tools	777
Test for Homoscedasticity	777
Correlation Coefficient	777
Chi-square Test of Independence	778
Analysis of Variance (ANOVA)	778
Regression Analysis	779
General Model of Regression Analysis	779
Measurement	780

Nominal Scale	780
Ordinal Scale	780
Interval Scale	781
Ratio Measurement Scale	781
Statistical Packages	781
Analyse-it.com	781
SPSS	782
Statistica	783
Winks	783
Lisrel	784
Reliability and Validity of Instruments	784
Reliability	784
Validity	785
Research Findings on HR	786
Preparing Thesis	787
Introductory Pages	787
Main Chapters of the Thesis	788
Appendices	791
<i>Case Study: Studying a Thesis</i>	793
<i>Biography: Paul E. Spector</i>	794
<i>Appendix A: Stress Management</i>	796
<i>Appendix B: Organizational Climate and Organizational Role Stress</i>	807
<i>Appendix C: Leadership Styles in Organizations</i>	816
<i>Index</i>	825
<i>About the Authors</i>	833



C

CHAPTER 1

Understanding Organizations

LEARNING OBJECTIVES

After studying this chapter, you will be able to

- Understand the role of an organization
- Gain an insight into the role and importance of people in the organization
- Appreciate the importance of leadership and recognize the various leadership styles practised in an organization
- Understand the concept of job attitudes

OPENING CASE

A Perplexed Entrepreneur

M/s Agrawal Enterprises

Agrawal was a non-resident Indian (NRI) based in Canada. A graduate in engineering, he also held a post-graduate degree in production engineering from an institute of international repute. Although he received several lucrative offers from various organizations in his campus interviews, he rejected them as he had a strong drive to be his own boss and function independently. He decided to launch his own consultancy firm, Agrawal Consultants. Within a short span of time, he became famous and reaped the benefits of a thriving practice in New Jersey. However, despite the success of his operations, Agrawal harboured thoughts of returning to India.

During the period 1981–82, the Government of India appealed to NRIs to invest in various businesses in their home country. Many NRIs responded to the request and Agrawal foresaw an opportunity in this idea. He found it hard to resist and invested a substantial sum in a few businesses that offered high rates of return on investment at that point of time. After conducting lengthy discussions with an Indian businessman, he passed on his decision of returning to India to his clients in New Jersey. Despite consistent persuasion from his clients to continue in New Jersey with his well-established practice, Agrawal returned to India after a 15-year stint in the US.

After his return to India, he established contacts with the companies in which he had invested, and studied all the related financial documents carefully. Earlier, in New Jersey, many firms had benefited from his consultancy services. A majority of those clients were producing special-purpose hydraulic and pneumatic pumps. He had advised them with regard to design and manufacture of components. He also assisted them with assembly and quality control parameters. He lived up to the expectations of consumers and the clients never received any complaints.

In due course of time, he wanted to start his own venture. Having gained confidence in his field of expertise, Agrawal decided to start an organization that aimed to design, manufacture, and sell hydraulic and pneumatic pumps. Accordingly, he chose the location in an industrial area located in his native

state. He applied for a trade license, registered his firm, and appointed technical and administrative personnel. During the next six months, he procured the machines, and spent four months in erecting and commissioning them. He appointed an expert mechanical engineer to look after the quality control department. Meanwhile, he secured orders for the pumps. Once all the necessary equipment was in place, he began producing and selling the products in the domestic market.

To take his initiative forward, Agrawal recruited salespersons, who were fresh diploma holders in sales management from a local management institute. They were assigned the job of delivering the pumps directly to customers without the intervention of distributors or dealers. Gradually, pressure began building up, and customers wanted him to expedite delivery. Agrawal, in turn, advised his team to act upon the orders with immediate effect. His team strived hard to cope with the demands.

In order to meet the urgent need for increasing production, Agrawal appointed a production manager. For the sake of the study, we shall address him as PM. PM was a qualified, disciplined manager, and a hard taskmaster. Towards the end of each day, he would collect the production figures. While most operators strived hard to meet their targets, some operators tried to express their difficulties and grievances. However, PM did not pay attention to their grievances.

There was one noteworthy incident that occurred, when a team of three officials visited Agrawal's firm for capacity assessment. During inspection, they enquired with a line supervisor about his duties and responsibilities. The supervisor could not give a clear answer as the employees were not clear about their roles in the firm. Soon after the inspection, the officials met Agrawal in his office, where PM was already present. Agrawal very politely postponed the discussion with PM until the next day. When PM left the office, Agrawal began the discussion with the team. He did not introduce PM to the team members, who later learnt

about PM's position. The team discussed issues pertaining to the product being manufactured in the firm. However, despite being aware of Agrawal's technical expertise from interviews in a leading business periodical that highlighted several of his success stories in New Jersey, the team did not place the order.

On another occasion, a customer had complained about the malfunctioning of some pumps and some others had expressed dissatisfaction. Agrawal replaced the defective pumps with an equal number of new pumps from the assembly line. However, customers continued to complain about the product and the situation was becoming serious, with one customer threatening to file a lawsuit.

Despite being a renowned consultant and entrepreneur, Agrawal was utterly confused. In order to solve the impending issues, he discussed the situation with his friend, a successful organizational leader and stalwart in a multinational company. His friend underlined the difference between the business scenarios in India and the US, and advised Agrawal to take assistance from an Indian human resources (HR) expert. Eventually, Agrawal selected Mr M.S. Menon, an HR expert, to advise him.

Mr Menon studied the situation and decided to execute organizational diagnostics. However, he advised Agrawal to arrange for a trust-building workshop for his supervisory employees immediately.

Learning points

- Organizations should develop their workforce and ensure that their roles are clearly specified.
- Adhering to the appropriate leadership styles will produce the desired results.
- Understanding people is imperative for organizational growth.
- Mutual trust between people leads to organizational effectiveness.

(Based on a case from Haldar, U.K., *Human Resource Development*, Oxford University Press, New Delhi, 2010.)

INTRODUCTION TO ORGANIZATION

An organization, be it a government, a corporation, or a private enterprise, is a social unit with certain specific objectives. A broader definition of an organization may also include a family, school, football team, temple, church, mosque, etc. Organizations fulfil a large variety of our societal and personal needs and affect a large segment of our society. Parsons (1979) perceives organizations as 'a social unit which is deliberately constructed and reconstructed to seek specific

goals'. The structure of the organization is created and maintained through a process comprising the following steps:

1. Determining specific activities essential to accomplish the organizational objectives
2. Clustering activities into 'activity packages' and assigning them to competent personnel
3. Creating a network or organizational hierarchy for the purpose of planning, motivating, communicating, coordinating, and controlling

Thus, an organization is a social entity that is directed by goals, with a consciously structured activity system and a relatively identifiable boundary.

Organizational leaders strive for sustenance and growth of the organization. In a competitive business scenario, organizations need talents and creative personnel to enhance their growth through innovations. Creativity is the ability to discover new relationships and ideas. Innovation refers to the practical implementation of new ideas in the workplace. Finding out the causal relation that exists between the assertiveness of a person and his/her performance level is a creative task. It can be measured to enhance the level of assertiveness of the people in the workplace by suitable means, thereby enhancing their performance. Thus, the idea is implemented in real life and is called innovation. If an organization does not encourage innovation, it is likely to perish eventually.

Innovation is an ongoing process. In a changing business environment, organizations need to cope with changes. Thus, organizations must transform or change themselves in order to survive and grow in the society.

It is also important to know that these changes should be accommodated as early as possible. The law of the jungle was 'survival of the fittest'. In today's business scenario, the rule has changed to 'survival of the fastest'. In addition, the maxim 'slow and steady' has changed to 'fast and consistent'. Although though transformation is considered a major undertaking with a high price, when implemented, the rewards surpass the painstaking efforts. Prior to transformation, it is important to understand the culture and values of an organization. The culture of the organization speaks about the norms, beliefs, and behaviours that are shared by the members of the organization. Values indicate greater awareness, including those testable in the physical environment and those testable only by social consensus (Pareek 2008).

The maxim 'slow and steady' has changed to 'fast and consistent' in today's time.

Core beliefs drive an organization towards success. Positive core beliefs combine to create an organization's formula for success. For instance, the core values and beliefs of Tata Consultancy Services are integrity, understanding, excellence, unity, and responsibility. Exhibit 1.1 shows the same for a famous brand, Lijjat.

Exhibit 1.1 Core beliefs of Lijjat

Mahila Griha Udyog Lijjat Papad, popularly known as Lijjat, is an organization comprising women employees. Lijjat was the brain child of seven semi-literate Mumbai-based Gujarati housewives. Lijjat believes in the philosophy of *sarvodaya* and collective ownership. It accepts all its working members as owners who take part in both profits and losses equally. Consumers of Lijjat products consider the products as their own house-hold products. Members are also co-owners of the company and are fondly referred

to as *bahena* or sisters. The organization's decisions are based on the consensus of every member who has the right to veto a decision. Its work culture is based on values and mutual trust.

Over the years, Lijjat's members have expanded from seven to over 42,000 throughout India. In 2005, Lijjat received the Brand Equity Award from the then President of India, Dr A.P.J. Abdul Kalam.

(Contd)

Exhibit I.1 (Contd)

Today, Lijjat has diversified into various activities. Apart from its world-famous *papads*, it also comprises the following:

1. A flour division at Vashi in Mumbai where flour is milled from *urad dal* and *moong dal*
2. A masala division and a quality control laboratory at Cottongreen where different spice powders such as turmeric, chillies, coriander and ready mix masalas such as *garam masala*, tea masala, *pav bhaji* masala, Punjabi *chole* masala are prepared and sealed into packets
3. A printing division, along with a labelling and packaging unit
4. An advertising division at Bandra in Mumbai
5. A *khakhra* division at Buhari in Valod
6. *Chapati* divisions at Wadala, Borivali, Mulund and Kandivali
7. A polypropylene unit at Kashi-Mira Road
8. A *vadi*-producing factory and a bakery division at Valod
9. A detergent powder and cake-manufacturing unit at Pune and Hyderabad

Source: www.lijjat.com, last accessed on 8 January 2010.

Culture also plays a dominant role in organizations and societies. Moreover, organizational culture and social culture are relevant to change management. Generally, a team undertakes the responsibility of planning, designing, and implementing a change. The members come from diverse cultures and are dictated

by their social and economic backgrounds. They possess a variety of values and attitudes. In an organization, certain prevailing values must be preserved. If a change agent who is an impatient reformer, attempts to introduce a change in a society or an organization by disregarding the prevailing values, problems will definitely arise. This necessitates a proactive approach to change.

Organizational culture can be positive or negative. A positive organizational culture reinforces the core beliefs and behaviours desired by a leader. Organizational leaders strive to achieve the business goals that create a positive culture conducive to effective work culture. A negative culture, on the other hand, becomes toxic, poisons the life of the organizational members, and hinders any future potential for growth of the organization. Obviously, there is an inevitable bridge joining organizational culture and the level of success that it enjoys (Peters and Waterman 1982).

The organizational culture can be influenced by the business environment as well. The impact of external variables cannot be seen or felt directly, but is critical to the understanding of organizational culture and therefore, must not be ignored. For instance, industry and government systems impact an organization's internal culture. Leaders in any organization must be prepared to face these transformations and stand up to them.

In other words, to survive, grow, and march towards excellence, organizations need competent leaders. Leadership skills must be developed within managers as different situations need different styles of leadership.

As suggested by you, we are identifying suitable managers who possess special leadership skills.

Do not forget to keep in mind that such an individual should be creative, innovative, and should be able to cope well with the changing environment.



A 'culture of commitment' takes an organization to a win-win situation.

ORGANIZATIONS AND LEADERSHIP

Q 1 Leadership drives an organization and can make or mar it. Any deficiency in leadership can simply create a culture of compliance rather than a culture of commitment. A leader can become a true learner

only through personal development. He must learn, unlearn, and relearn. Once created, this ‘culture of commitment’, can take an organization to a win–win situation.

People’s mindsets cannot be forcefully changed. Any attempt to forcefully change their mindset may simply lead to disaster. However, organizational transformation imposed on followers is first resisted and then resented by them. To be successful, leaders should first impose change on themselves and then cultivate it in others. Generally, exemplary leadership is most effective in cases where leaders slowly change the mindset of members of the organization. It is important to understand that transformation must begin within the heart and mind of the leader.

The members of the organization aim to serve its mission and significantly impact its culture. Organizations rely more on the transformation of its leaders rather than on the transformation of subordinates or systems.

THE ORGANIZATION AND ITS PEOPLE

According to Kaufman (2002), ‘An organization is only as good as its people.’ People are the most valued resource in any organization. One has to create the organizational culture that is marked by a culture of commitment and nurture people to make them effective. The elements of McKinsey’s 7-S framework could be considered during the course of development of human resources. This concept will be taken up later in the chapter.

Kaufman (2002) highlights the contribution and role of people in an organization. As discussed, an organization is a framework where people operate or work together for a common goal. Consultants at McKinsey developed the 7-S framework with seven aspects—strategy, structure, system, staff, skill, style, and ‘super ordinate goal’ at the core. A company may possess excellent technology, strategy, structure, and systems; yet it may not be able to achieve success. Present day organizations rely heavily on technology while they inadvertently ignore the people (staff), employee proficiency (skill), and the pattern of interaction of the organizational members (style). In the McKinsey 7-S framework, the term ‘style’ bears a special connotation and refers to the way organizations introduce young recruits into the mainstream of activities. It also denotes the manner in which they manage their careers as the new recruits develop into future managers.

Apart from the new recruits, long-standing employees also need renewal. The experienced employees need to keep themselves updated with the latest happenings and cope with the new surroundings and strategies.

On the other hand, for organizations to develop, people must undergo significant changes at various points in their development. It is the people who develop the organization and not the technology, system,

The term ‘style’ bears a special connotation, referring to the way organizations introduce young recruits into the mainstream of activities.

or infrastructure. Thus, people management is the most vital consideration. However, the policies followed in various situations seem to be contradicting this view.

Today, the role of HR functions is changing. Customer focus and customer satisfaction are the buzzwords. Organizations are emphasizing on teamwork, and thinking in terms of ‘teaming beyond domain’. With regard to leadership, visionary leadership is getting importance.

THE CHANGING ROLE OF HR FUNCTIONS

Q 2

The business scenario is ever-changing. There are several reasons that generally affect and invite changes in organizations, such as multiple and fast-paced technological innovations. Products, processes, and

know-how are fast becoming obsolete and there is scarcity of natural resources. The costs of basic resources have increased and there is rising cost sensitivity and quality consciousness among customers. Competition has multiplied and there are frequent changes in regulatory mechanisms, and socio-economic structures. Besides, the onslaught of liberalization, privatization, and globalization have led to the growth and popularity of information technology, proliferation of environmental and consumer interest groups. The last decade has witnessed a shift from industrial-era models to knowledge-era models among organizations.

Customers are more demanding, quality-conscious, and cost-sensitive. Hence, organizations have begun to shift from the traditional platforms to total quality management (TQM) organizations. They no longer view employees as the source of the problem; on the contrary, they try to identify the problems in the processes. The benchmark for measurement has shifted from individuals to processes. While motivating people, more emphasis is laid on removal of barriers. With respect to employees, development has replaced control. 'Prevention of errors' has replaced 'reduce variation' and 'correct errors'. Furthermore, the product market is more competitive than ever before.

Though organizations belonging to different industries vary in size and nationality, there are four common themes that characterize the process of and ultimately shape the organizational transformations. These comprise the following:

1. Focusing on the customer
2. Teaming and supporting non-hierarchical and informal structures
3. Visionary leadership
4. Change in language and style

Focusing on the Customer

Times have changed and present-day organizations depend on their customers. Therefore, it is important to understand their customers' current and future needs, meet their requirements, and strive to surpass customer expectations. Many organizations carry out research to unveil customer needs and expectations in order to ensure that the objectives of the organization are linked to customer needs and expectations. It must be realized that crucial activities measure and enhance both customer satisfaction and customer relationship management. Contextually, communicating relevant information to employees (the internal customers) throughout the organization is also an essential requirement.

These activities are essential in order to increase revenue and market share, boost effectiveness, execute fast responses to market opportunities, improve customer loyalty, and eventually, lead to more business opportunities. In one way or another, most organizations have made significant changes in the way they think about their business and their customers. The focus of business has changed from 'working with money' to 'working with the customer'. The corporate vision and credo must illustrate the magnitude of this redefinition of the business. The employees (the human capital) are required to be developed to perform tasks related to customer orientation, satisfy and delight the customers, and convert prospective customers to actual customers.

Crucial activities measure and enhance customer satisfaction and CRM

In order to develop customer focus, the following activities are unavoidable:

1. Understanding customer orientation
2. Identifying the intrinsic needs of customers



3. Satisfying and delighting customers
4. Increasing certain competencies such as logical thinking and teamwork
5. Enhancing interpersonal communication
6. Reinstating mental balance and stability
7. Encouraging continuous learning

Converting prospective customers to actual customers requires knowledge about the business, persuasiveness, and negotiating skills. These competencies may be developed through training and development, which comes within the purview of human resource management (HRM). These topics would be discussed in greater detail in further chapters.

Teaming and Supporting Non-hierarchical and Informal Structures

The functioning of formal organizations differs from that of informal organizations. While informal organizations rely heavily on working in voluntarily-formed teams, formal organizations also encourage working in teams for improved performance. Non-hierarchical and informal structures also enable faster working and decision-making, which in turn, ensure organizational effectiveness. In the transformation process, teaming across organizational boundaries appears to be a hallmark of successful companies. In fact, a number of companies have eliminated many traditional organizational boundaries completely. Besides eliminating job titles, some companies have also done away with functional departments.

In most organizations, HR functions are now 'line functions' and not 'staff functions'.

Project teams are seen to organize work, and people join teams based on their competencies and interest. Consequently, HR functions have been shifted to the 'functional departments'. As such, in most organizations, HR functions have now become 'line functions' and not 'staff functions'. Added to this, organizations today are foregoing departmental affiliation and encouraging working in teams.

It is also believed that shifting of HR functions to line is an organizational transformation and transformational leadership can ease out this transfer and enable smooth transition. Knowledge of transformational leadership styles may be instilled through leadership development.

Visionary Leadership

A visionary leader must possess spontaneous dynamism and respect for others, make sacrifices for teammates, and foster creative thinking. Visionary leaders must also have qualities such as good communication skills, decision-making skills, human relation skills, and commitment to achieving goals. Inspiration and a practical vision of the future are the basis of visionary leadership. The vision should encourage and invite others to participate as partners. The followers are instilled with a sense of vigour, energy, and optimism that influences and motivates others. Obviously then, when the role of HR functions changes, visionary leaders need to discharge certain predominant added responsibilities as well.

The other contemporary leadership styles practised in organizations are transactional, transformational, charismatic leadership, value-based leadership, ethical and servant leadership, and boundary spanning leadership. All these leadership styles will be discussed in Appendix C of this book.

Change in Language and Style

Indian companies that were operating within our national border are now operating across it.

The business scenario is constantly changing. The focus, as discussed earlier, should be on the customers, encouraging working in teams, supporting non-hierarchical and informal structures, and striving for visionary leadership. 'Managing new India' is the current rage. This topic has some dimensions, (a) The Indian MNCs, (b) emerging leadership, (c) India and the Asia Pacific regions, (d) striving for inclusive growth, (e) challenging the change, and (f) connecting across generations. Indian companies were doing businesses 'within borders', and are now operating 'across borders'. They will also be doing business when there will be no borders or in a 'borderless' environment. The designation of chief controlling officer has changed to chief executive officer, which in turn, has further changed to chief people empowerment officer.

Indian companies that resembled 'sleeping giants' in the past have become 'challengers' and are striving to become 'global leaders'. The challenges to change are being characterized by distinct shift from 'rigid' to 'reactive' and further to 'agility'. In the changing scenario, both language and style need consideration.

Top management of companies consciously change the language and the rhetoric as a way of reinforcing changes.

In one sense, language defines reality. It also helps to shape the mindset of the people and plays an essential role in transforming organizations. Top management of companies consciously changes the language and the rhetoric as a way of reinforcing actions to be performed during the changes. The change in language also reinforces and strengthens the interpersonal relationship among management, employers, employees and customers.

Style is one of the seven levers of the McKinsey 7-S framework. The style of an organization becomes evident through the actions taken by the top management over a period of time. Style does not mean only the top management style. Organizational style includes reporting relationships, self-certification with regard to quality, and making the research and development (R&D) department, a part of the engineering department.

Hence, language and style play a predominant role in achieving the all-round success of an organization. Change management manifests its importance at this stage. Organizational culture should be conducive to accepting changes essential for growth. We are now evidencing a distinct shift of functional responsibilities to the line. These shifts characterized by treating HR personnel as business partners and focusing on career and competency development shall be discussed in Chapter 15 on managing change.

EGALITARIAN ORGANIZATION

It is believed that open organizations perform better than closed or conservative organizations. An open organization receives inputs from the environment. Organizations need the collective efforts of its people which are backed by inter-human logic leading instrumental or techno-economic rationality. Contextually, Srivastav and Cooperrider (1986) opine that '*Egalitarian or classless theory of organization is premised on the emergence of an inter-human logic that transcends instrumental or techno-economic rationality and forms a basis for collective action*'. The inter-human logic seeks to create and maintain socio-organizational arrangements to heighten or maximize the ideal membership situation for all members of an organization.

Organizational citizenship behaviour (OCB) is a human behavioural technique used across many institutions globally. It is a tried and tested approach employed by many Fortune 500 companies for

improvization. It has also become a popular study in the field of HRM and has been of increasing interest to both scholars and organizational stalwarts.

Organizational citizenship behaviour is one way of establishing direct involvement of business leaders with employees. There is an open communication channel and also a clear understanding in every individual with regard to their role in the organization. This human behavioural technique underlines the principle of OCTAPACE—the acronym for openness, collaboration, trust, authenticity, proactivity, autonomy, confrontation, and experimenting. Companies that follow the principle of OCTAPACE progress faster. Some companies have flattened their hierarchies, reduced their work levels to become more unrestricted, uncensored, and egalitarian. At present, organizational environments that are more egalitarian are more successful at growing faster and competing in the industry. In this aspect, the egalitarian concept is similar to OCB.

ORGANIZATIONAL BEHAVIOUR AND JOB ATTITUDES

Feelings of the employees about the organization and their attitudes need utmost consideration. Organizational behaviour refers to the understanding, prediction, and management of human behaviour in the organizational context. The topic lays emphasis on the job attitudes of the personnel to enhance organizational effectiveness. Attitude surveys conducted with the help of questionnaires help in determining the attitude of members of the organization about their job, work groups, supervisor, and the organization. Fred Luthans (1977) says that major job attitudes include job satisfaction, job involvement, and organizational commitment. These characteristics are discussed here:

1. Job satisfaction—positive feelings about one's job resulting from an evaluation
2. Job involvement—degree to which an employee identifies himself psychologically with the job. A high degree of involvement results in psychological empowerment, which is, the employees' beliefs in the degree to which they impact the work environment.
3. Organizational commitment—This is a state in which an employee identifies with a particular organization, its mission, policies, objectives, goals, and wishes to continue as a member of the organization. The three separate dimensions of organizational commitment are affective commitment (emotional attachment), continuance commitment (perceived economic value), and normative commitment (employees wanting to remain with the organization for their moral or ethical value).

People who are satisfied with and involved in their jobs and are committed to their organization are the ones who can contribute their best to the organization. These attributes need periodical measurement in order to initiate remedial actions.

SUMMARY

The business scenario today is very competitive. Organizations must make the best use of employee capabilities and potential. Organizations basically depend upon the characteristics of the people they employ. An Act of the Parliament cannot make men virtuous. The people

are the most valued asset of the organization and they significantly impact the organizational transformations.

Leadership drives an organization and can make or mar it. Visionary leaders significantly contribute to the smooth running and growth of an organization. Human resource

function responsibilities are shifting to the line managers as they know their people best. Some companies have redefined the role of human resource personnel and are treating them as business partners and empowering them. Open organizations perform better than closed or

conservative organizations. Egalitarian or classless theory of organization is premised on the emergence of an inter-human logic. Organizational behaviour and job attitudes are intertwined. Job attitudes include job satisfaction, job involvement, and organizational commitment.

KEY TERMS

Attitude of a person is identified from the evaluative statements or judgments concerning objects, people, or events; job attitudes include job satisfaction, job involvement and organizational commitment.

Egalitarian or classless organization is characterized by its inter-human logic that transcends instrumental or techno-economic rationality and forms the basis for collective actions.

Job involvement refers to degree to which people identify

themselves psychologically with the job; a high degree of involvement results in psychological empowerment.

Job satisfaction refers to positive feelings about one's job resulting from an evaluation.

Organizational commitment is a state when an employee wishes to continue his/her membership of the organization as he/she is akin to the organization's mission, policies, objectives, and goals.

EXERCISES

Concept Review Questions

1. 'People are the most-valued assets of an organization.' Discuss with examples.
2. Consider the changing role of the HR functions and discuss the themes that characterize the process, and ultimately shape the organizational transformations.
3. What do you understand by 'visionary leadership'? Discuss the role of visionary leadership in present-day organizations.

Critical Thinking Questions

4. 'An organization is only as good as its people.' Do you subscribe to this view? Critically review the statement with examples from the organization you are working in or any organization you know.

5. The role of the HR department is changing. Some organizations have shifted the responsibilities to the individual departments. Do you think this shift will strengthen HR activities? Also comment on the extent to which it should be shifted. Do you feel the need for having an HR cell to coordinate? Justify your answer with examples.

Assignments

6. Visit three or four organizations, and try to collect information about their core beliefs.
7. Take appointments from two or three organizations, and discuss with the HR managers the changing role of HR functions. Make a note of their responses and present them to your college professor.

MANAGER'S INSIGHT

Workers at the shop floor of Ramsons and Co. demanded immediate replacement of the floor's chief supervisor. They alleged that he was responsible for the breakdown of the main boiler. The chief supervisor was informed about the malfunctioning of the boiler a week ago. He apparently had not done taken any measures to correct the situation.

It is alleged that the mechanic who was instructed to look at the boiler could not identify the root cause and used a trial-and-error approach. This ultimately led to the breakdown of the boiler. The workers had also complained about the chief supervisor not attending to their needs. The chief supervisor decided to confront the situation head on.

Questions:

1. Which leadership style do you think would be most appropriate for the chief supervisor to follow?
2. What could the chief supervisor have done to avoid the situation?

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DEVELOPING ORGANIZATIONAL RESOURCES

M/s Agrawal Enterprises (Year 2000)

(This case is a continuation of the opening case)

Mr M.S. Menon, the appointed HR expert, adopted the management by walking around (MBWA) style. While on the rounds, he stopped to talk and discuss issues with personnel of various levels engaged in different functional areas. He studied the anatomy of the organization. He discovered the managerial style of the production manager and recorded the same. Menon also requested Agrawal to arrange separate meetings with the suppliers and customers. Agrawal questioned the purpose and usefulness

of the meeting, and was reluctant to convene such meetings initially. However, he agreed to the proposal after repeated persuasion by Menon.

Following this, there were repeated requests from Menon. However, Agrawal did not want any other official of his company to attend the meeting. In the meetings, Menon was not very vocal; he meticulously scribbled notes in his diary. Of course, he did ask a few questions. He obtained the consent of Agrawal to access the contact

details of some of the suppliers and customers and presumably contacted some of them. After a week, he submitted an interim report to Agrawal recommending action programmes that laid emphasis on the following:

1. Interpersonal relations
2. Customer satisfaction measurement
3. Leadership development
4. Organizational culture

When Agrawal sought clarification, Menon explained as follows.

‘Interpersonal relationships involve social associations, connections, or affiliations between two or more people. These people may interact overtly, covertly, face-to-face, or may remain effectively unknown to each other, such as those in a virtual community who maintain ambiguity and do not socialize together outside a chat room. Communication is best achieved through simple planning and control. Performance appraisal is essential for performance monitoring.’

Menon also emphasized the need for potential appraisal and development for the progress of the organization. Furthermore, he stressed upon the need for ‘customer satisfaction measurement’ in order to analyse, and improvement as means for sustenance and growth in the acute competitive environment. He also opined that as an organizational leader, a manager must be aware of the appropriate leadership style with respect to specific

situations and target persons. He further emphasized the need for developing a good organizational culture.

Agrawal was convinced and directed Menon to proceed in a phased manner. He also sanctioned some initial funds and requested Menon to submit a detailed plan with associated expenditure. Menon corrected Agrawal by saying that he must treat the amount sanctioned as an investment and not as expenditure. Menon took it as a challenge, was committed to rejuvenating the enterprise, and began his course of action.

Discussion Questions

1. Agrawal was always trying to avoid involving others in meetings. Is this approach correct for leadership in an organization? What might be the consequences?
2. In his interim report, Menon mentioned about customer satisfaction measurement. What is the importance and necessity of this measurement? Do you feel there is a need to measure customer satisfaction in order to enhance employee satisfaction?
3. In the interim report, Menon mentioned four action programmes. Narrate the possible reasons behind the selection of the programmes. Your discussion should be programme-wise.
4. Had you been the HR expert and advisor to Agrawal, how you would have gone about developing the enterprise and its people?

HR MANTRA

Your actions will speak

A rich man purchased a healthy cow and a poor man purchased a sickly cow from the same market. The rich man displayed his cow at the entrance to his house, while the poor man invested a lot of money on his sickly cow. In course of time, the rich man’s cow became weak, while the poor man’s cow gained health.

People are the most vital and valuable resources of any organization. Material resources depreciate, while human resources appreciate.

The mantra: Understand and nurture people.

N.R. NARAYANA MURTHY

N.R. Narayana Murthy, the chief mentor of Infosys technologies limited, was born on 20 August 1946. He obtained his B.E. in electrical engineering in 1967 from the University of Mysore, followed by M.Tech in 1969 from IIT, Kanpur. He began his career with Patni Computer Systems in Pune.

In 1981, he founded Infosys in Mumbai with six other software professionals. In 1987, Infosys opened its first international office in the United States. In 1993, the company came up with its initial public offering (IPO). Infosys set



up development centres across several cities in India in 1995. The company established its first office in Europe in Milton Keynes, UK. In 1999, Infosys became the first Indian company to be listed on the NASDAQ. The success of Infosys is built on the twin pillars of strong business model and sound corporate governance.

Narayana Murthy propounds faith and hope in the future, and believes that life is all about hope. He is the embodiment of transparency, moral integrity, dynamism, spirit, and honesty. This is evidenced from his activities and excerpts.

After serving for 21 years as the company's chief executive officer, Murthy handed over the reins to cofounder, Nandan M. Nilekani, in March 2002. He now operates as the non-executive chairman and chief mentor of Infosys. He has set new standards in corporate governance, and is a living legend and an epitome of the fact that honesty is the prime need for business acumen.

Along with the growth of Infosys, Narayana Murthy has grown in stature and has been the recipient of many honours and awards.

Narayana Murthy's words of wisdom are worth mentioning. He has many success *mantras*, some of which reflect his life's philosophy and the values of Infosys. The value system of Infosys is its true strength and is similar to the British Constitution—'all unwritten but extremely well-practised'. Unless the company can sell well, it cannot create jobs, pay good salaries, and satisfy investors. Right from the beginning, the company realized that it has to focus on selling better in the marketplace.

Narayana Murthy believes, 'Truth is God. Our success at Infosys depends on our continual learning'. He says, 'Entrepreneurship is about running a marathon, not a 100-metre dash. Anyone must dream and plan to realize it'. In this context, he adds, 'We were huddled together in a small room in Bombay (now Mumbai) in the hope of creating a brighter future for ourselves, for the Indian society, and perhaps, we dreamed, even for the world'.

He further emphasizes, 'Leadership is an action, not a word'. He is an institution builder and believes in leadership development. He advises employees to build a climate of honesty, hard work, and excellence; construct a social conscience, benchmark oneself with the best in the world, be honest and true to the profession, and act fearlessly. His vision upholds IT as the force that can help alleviate many problems that rural India faces. He believes that health care, education, and environment conservation can be comprehensively brought to villages.

In his opinion, working extended hours over the long term is harmful for the employee. One's mindset and imagination are more critical than other resources. He says, 'Beyond a certain level of comfort, I think one's wealth should be seen as an opportunity to make a difference to society'. He believes that events keep occurring round the clock and advises people to take a nap; things will happen while one is asleep, but one will have the energy to catch up when once awake. Narayana Murthy's dictum is that performance leads to recognition; recognition brings respect; respect enhances power, and humility and grace in one's moments of power enhances the majesty of an organization. He advocates that a value system is the protocol for behaviour that enhances the trust, confidence, and commitment of members of the community. An organization must feel responsible to develop the society. Mutual trust is the essence behind all-round organizational success. Such foundations create great organizations and take them to great heights.

He has great respect for people and believes in the power of talent. He says, 'Our core corporate assets walk out every evening. It is our duty to make sure that these assets return the next morning, mentally and

physically enthusiastic and energetic'. People must aspire for higher achievements. Aspiration is the main fuel for progress and transforms a set of ordinary people into extraordinary achievers.

His inclination and capacity to develop organizations and leaders for tomorrow have made him the visionary that he is.

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