
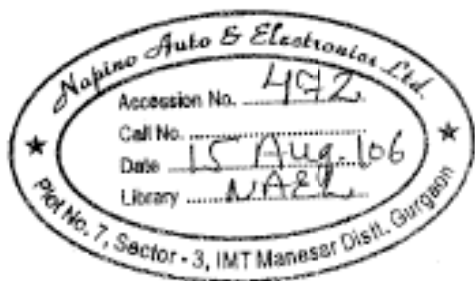


HUMAN RESOURCE MANAGEMENT



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Human Resource Management



Human Resource Management

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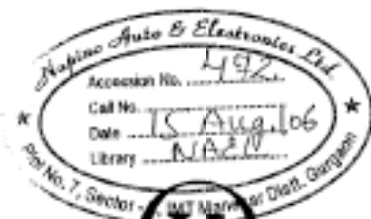
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KALYANI PUBLISHERS

LUDHIANA • NEW DELHI • NOIDA (U.P.)
HYDERABAD • CHENNAI • KOLKATA • CUTTACK

KALYANI PUBLISHERS

Head Office

B-1/1292, Rajinder Nagar

Ludhiana-141 008

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4779/23, Ansari Road, Daryaganj

New Delhi-110 002

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Guwahati-781001

B117605061

© AHUJA, K.K. • SHUKLA, BALVINDER

Fourth Revised Edition, 1998

Fifth Revised and Enlarged Edition, 2005

81-272-2467-7

PRINTED IN INDIA

At Ajit Printers, Old Maujpur, Shahdara, Delhi-53

and published by Mrs. Usha Raj Kumar for

Kalyani Publishers, New Delhi-110 002

Preface

(Fifth Revised & Enlarged Edition)

I will pay more the ability to deal with people than for any ability under the sun.

—John D. Rockefeller ✓

Our assets walk out of the door each evening. We have to make sure that they come back next morning—this is the statement of N.R. Narayan Murthy Chariman and Chief Mentor, Infosys Technologies. Most of our corporate such as Infosys, DSQ Software Ltd. Satyam Computers BHEL & SPIC are early adopters to follow the practice of human resource accounting and now benchmark the performance and efficiency of their human resource with others. Human Resource Management plays a very important role in success of any business enterprise. The knowledge and proper understanding of HRM is extremely necessary for every manager irrespective of his level and discipline, for appropriate handling of the human resource and getting best out of individuals.

According to study by McKensy and Co. the most important corporate resource over the next 20 years will be talent, smart, sophisticated business people who are technologically literate, globally competent and operationally agile. Alvin Toffler the famous futurologist said “the illiterates of 21st Century will not be those who can't read or write but those who fail to “Learn”, “Unlearn” and “Relearn”.

In addition more and more Indian companies are fixing a value to their employees. At the end of March, 2005 the Infosys Technologies human assets value at Rs. 28,334 Crore (\$ 6.4 billion) with company having 36750 employees on its role. Companies have used Lev and Schwartz accounting model for measuring human capital. The model of accounting human capital is treated like other forms of earning assets and therefore becomes an important factor to explain and predict the future economic growth of company. The emphasis on “human capital” encourage HR professionals to take a more strategic and business focused approach in managing human capital. At present given challenges are of attracting and retaining key talent. Current levels of attrition are at (14.5%-15%), the urgency and focus is clearly visible in many knowledge-based organizations who value and invest significantly in human capital. Human Resource represent the collective expertise, innovation leadership, entrepreneurial and management skills endowed in the employees of an organization. Managing is the most important human activity. Management functions have become all the more important with changed social and economic backdrop of the country. A country can fully utilize its resources only with the help of competent Managerial Personnel.

The time has come when the growth of society is determined by the knowledge base of people. A large number of Indians have contributed to the success stories of Silicon Valley and the day is

today

are some of ✓
(v)
not for when Indians would be leading the Fortune 500 Companies. The concept of nation state appeared to go beyond the horizon and political parties.

The book has given lot of importance to Human Relations and congruence between people and the organisation in harnessing human potential. We believe that executives are dealing with people, who are not only creature of logic but creatures of emotions, creatures busting with prejudices and motivated by pride and variety. A successful executive is a socially intelligent executive and realizes the importance of getting along with people and knows how to deal with people. The book focus on how good managers learn to focus on employees strengths, not their weakness. Because managing employees successfully is rare talent, even rarer is the ability to lead and all managers are not necessarily good leaders. The book emphasises on leadership concept, styles and their effectiveness, as we believe the chief responsibility of leader is to rally people for better future. If you are a leader, you must better have unflinchingly, unailing, optimism and belief that things can get better and must get better.

The first edition of personnel management was published in 1976. Since then the book has been modified, rewritten, reprinted to meet the requirement of students styding the personnel management, organizational behavior, human relations and human resource management.

Globalisation has posed challenges for Indian corporate to compete with their global counterparts. Organisations in their continuous march towards excellence are striving to out do and out perform their competitors. This has posed challenges on managers to continuously out perform last they are outwitted by their colleague and competitors. The book will help executives to enhance managerial effectiveness.

The new edition of personnel management is special not only because it has been brought out in the joint authorship with Dr. Shukla, DDG, ABS; but the book has been renamed as "Human Resource Management". The book contains a number of new chapters to cater to the need of the present time and the requirement of MBA and Post Graduate students of Business Management. The new chapters which has been added to are primarily :

- Putting people at the heart of the organization
- Competency Management
- Assessment Centre
- Strategic Development—Using Balance Score Card
- Merger and Acquisition and HR Role in Change Management
- Positive Attitude
- Stress Management
- Emotional Intelligence
- Emerging role of Leadership
- Creating a Learning Organisation
- Integrating TQM and Business with Human Touch
- Morality and Moral
- Human Relations and Business Excellence

The book has undertaken the study of structure and content of mission and vision statements of Indian Companies and human resource alignment with business objectives. The new edition

incorporates the rich experience and knowledge of its new author Dr. Balvinder Shukla who has given the book a new thinking and includes the research, which has taken place in the field of Human Resource Management. The book is intended as textbook on Human Resource Management.

The book has been divided into seven main parts :

Part I

- The focus is on the foundation of Human Resource Management
- Strategic Human Resource Management
- Expanding future role of Human Resource
- Human Resource Management Process

Part II

It covers the importance of individual in the organization. The focus is on individual's personality profile, attitude and individual's self development process effecting ones ability to manage. The abilities and attitude of the managers are more important than the environment factors and external organization forces. The core of all management is on the changing Human Relations with emerging global business scenario. Therefore, the human relations with emerging global business scenario and International Relations has been covered in this part.

Part III

The focus in Part III is on the importance of Interpersonal relations, Transactional Analysis, Emotional Intelligence, Stress Management, Effective Communication, Self Development Process etc.

Part IV

It highlights the emerging concepts of Group Dynamic, Team Synergy and Leadership. In this part of the book Authority and Power, Motivation and TQM etc. have been covered. The various established models and practices of Leadership as are applicable in industry have been discussed in this part of the book.

Part V

It deals with organization and culture. The concepts of organization learning, the Organization Design, Organization Ideology, Organization Development, Organization Restructuring and Right Sizing, Organization Culture and Organization Environments etc. have been discussed.

Part VI

The Sixth part of the book deals with the practice of HR Management with particular reference to the roles of HR practitioners and HR functions. The Process of Personal Development, Training, Strategic Impact of management development. The Process of Career Management, Career Planning and Managing Learning, Performance Management etc.

Part VII

This part of the book contains various articles presented in International Conferences and subsequently published in International Journals. It discusses, emerging area such as Competency Management, Assessment Centre Technology, Balance Score Card etc. as practiced in industries.

The book highlights that the HR and Personnel function in India are distinct from the advanced countries primarily because of difference in size, ownership patterns, style of management, government regulations and above all the personality traits and social culture. The degree of emphasis given by the different organizations reconfirms that there is no uniformity in the formation and practice of personnel practices in the country.

Special efforts has been made to study, analyze and present the various practices being followed in the industry in the form of corporate experience, along with the concepts of HR Management. The focus of the book is essentially, development of leaders among the students rather than marketing the knowledge available to the students. The role of Human Resource has increased tremendously due to the increasing concern for productivity and need for better utilization of Human Resource at all levels of organizational hierarchy due to the increasingly competitive environment.

We are confident that the readers will not only gain a perspective of personnel function but will also be able to adopt and implement the various practices in an enterprise, if called upon to do so. The book provides an in-depth knowledge source for an intending professionals in the personnel field. It will also serve as a reference material for HR Professionals, working in industry, NGO or any other organization dealing with human resource.

The coverage of the book is the product of intellectual consultation between and among the professionals from the institution and the HR Managers from the corporate and activists from NGO organizations. The book will be equally useful to the students as well as practitioners in the field of Human Resource Management.

We will be failing in our duty if we do not acknowledge our sincere thanks to Dr. Ashok K. Chauhan, Founder President, RBEF who has inspired and encouraged us to write this book. He has been great visionary and has given all the momentum and energy to release this book. We also thank Dr. Sanjay Srivastava, Dean, Amity Business School for his continuous support and valuable suggestions that made the release of book possible. He has been an unbound source of motivation and encouragement.

We shall be honoured to express our regard and gratitude to Shri Atul Chauhan, President RBEF and Shri Vipin Raheja Chairman and Managing Director Napino Auto and Electronics Ltd. for their support and guidance in completing this book.

We wish to thank the many Alumni, students and practitioners who provided meaningful insight into the subject and helped us clarifying our thinking on several issues, while designing the text of the revised edition so that it serves the need of students and corporate alike.

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Preface

(First Edition)

Productive utilisation of various resources is the need of the time. The various resources, e.g., Material, Machine, Men, Money, Energy and Management are important in achieving the productivity of the organization. But of all resources, human asset is the centre of all resources which convert the various resources into the productive resource. Organisations of today are producing products and services which were unknown in the past and thus giving a new life with much more material comforts than ever before. All these comforts are possible through the effective utilisation of human resources which need to be polymerised in an organisation to result in a cohesive and enormous force. The human polymerisation needs: Individual ideas and Desire of organisational system. Polymerisation could be possible if an individual establishes a bond with other individuals to multiply and generate power to create, build and to produce. It is the human resource that has to harness all other resources effectively. It is only the human resource which appreciates with time whereas all other resources undergo the process of depreciation.

Human resource adds to value, while all other resources add to the cost. All the firms buy the same material and the machines but it is the people in the organisation who build it and make differences in the ultimate product. Machine's maximum value reaches the day it starts producing; the man never reaches an ultimate value throughout his life time at work, but human resource is able to change, grow and to enlarge his value. Success of an organisation mainly depends on the quality of its manpower and its performance. Any forward looking management will be greatly concerned with the problems of developing adequate talent for manning various positions in the organisations. There is a need for effective manpower deployment, manpower planning and development, effective motivation, effective personnel, policies, dynamic leadership, resulting in an organisational climate which may adapt to the changing and dynamic environments. The role of building a motivated management inventory is with the managers managing the Human Resource. Gone are the days of handicraft when it was possible to take the best from workers who were the members of the same family but in the era of automation and computerisation there is a need to create an atmosphere within the organisation so that the workforce is motivated for honest and sincere efforts. The will to work is something different from the power or capacity to work. One can buy man's time, his physical efforts, but not his enthusiasm, initiative or loyalty. Thus, enthusiasm or willingness to work can be created by motivation. Motivation means inspiring the person with a zeal to work for the accomplishment of the organisational objectives. The effective motivation succeeds not only in having an order accepted but also in gaining a determination to see that it is fulfilled efficiently and effectively.

We all know that motivation gains momentum when it embraces leadership and direction that can elicit the full co-operation of the team which is so vital to the organisation. The inducement of

motivation is to emphasise the importance of human resource and how this resource can utilise other resources effectively. Because human performance is a product of ability and motivation and the business performance being the product of human performance and physical factors, therefore, motivating the workforce which is the product of situation and attitude of the people need to be cultivated by the practising managers so that they are able to get the best and consistent work out of their people toward productivity and resources utilisation.

The management is primarily a human activity. The various functions of managers may be in any discipline—Materials, Finance, Production or Engineering can be classified as Managerial Functions and Operative Functions. The Managerial Functions in all the above disciplines are identical, *i.e.*, Planning, Organising, Directing, Coordinating and Controlling but the Operative functions may vary, depending on the discipline. Therefore, for effective managerial functions, the professional art and science of working with and through the people is very important. The effective management is as good an asset as material, finance, machine, etc. The effective management is the life blood of an organisation. Personnel Management adds a real value to the operation of any enterprise. It is like adding two plus two and getting five. Personnel Management is an activating resource which provides new idea and vision to the work group for smooth flow of work by strengthening weak links and establishing team spirit among personnel.

Human resource utilisation cannot be put in a formula of output versus input as the individual being highly complex and interpersonal relationship still more complex besides the group dynamics and organisational ideology. Therefore, the need of the time and the challenge before the manager is to intensify the desire and willingness of subordinates to elicit out the potentialities of their subordinates for the achievement of the organisational objectives.

The Personnel Management has come to occupy the pivotal place in the management of any organisation because of the changing attitude of people, government policies, labour legislations and changing concept of quality of work and quality of working life.

Personnel Management is an important activity which is an integral part of the total management system. A great deal of time, money and efforts are invested by all the managers in this function as part of their managerial responsibility and position. It is a responsibility of the Personnel Department to monitor the entire human resource programmes, policies and practices in the ultimate analysis to guide, train, develop, coach and assist line managers in managing their workforce within the framework of organisational philosophy, policies and procedures.

There is also a need for emphasising the importance of scientific Personnel Management and its concept relating to interpersonal relations, group dynamics, work redesign, self managing groups and motivation. In India, there is going to be a drastic change in handling the various issues concerning employees, trade unions, supervisors management group within the organisation during the next few years. There is a need for an approach more integrated with the changing values of the society and matching the expectation of the employees without adversely affecting the interest of the organisation and the society.

The personnel function should be like a lightning rod attracting the tensions and human conflicts which are inevitable in an organisation and the community. This obviously needs to be handled professionally with constructive mind and force in the life of the organisation. Looking to the challenging features which the personnel functions have, there is a necessity for more time and efforts to be devoted to the managerial functions relating to personnel.

The purpose of this book is to assimilate these new insights from Personnel Management and Behaviour Science into well established concepts. The book is trying to fill up the gap between the functioning of the management and the expectations of the employees, with their newly discovered self image, freedom and organised strength. The book, Personnel Management, is covering the various man-management facts of an organisation from a system point of view. Its purpose is to treat in a concise and meaningful way the principles and procedures used by management in operating various business organisations. The ideas in this book come from many sources such as teachers, colleagues, author's own experience, various articles and publications. To acknowledge each one of these sources, individually would be impractical. All attempt has been made to acknowledge but any omission is unintentional.

The purpose of this edition to prepare the students for managerial career with concepts, theory and analytical tools. The Personnel Management is a text book to the students of Post-Graduate Diploma in Personnel Management and Industrial Relations, MBA, Post-Graduate Diploma in other areas of Management and students preparing for Chartered Accountancy, ICWA, M.Com., IITE Examinations besides a guideline to the Practising Managers dealing with Man-Management. The suggestions for improvement of the book will be highly appreciated.

K.K. AHUJA

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Part I

Strategic Human Resource Management

1. People at the Centre of the Organisation
2. Human Resource Polymerisation
3. Human Resource in Future
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6. Competency Managements
7. Merger & Acquisitions and Role of HR
8. Organisation Restructuring and Organisation Right Sizing
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10. Performance Driven Management—Variable Pay System
11. The 360 degree Appraisal System
12. Assessment Centre
13. Strategic Development—Using Balance Score Card
14. Employee Compensation

1

People at the Centre of the Organisation

INTRODUCTION

The key to success in the 21st century for the companies is how to thrive on change, even though change makes most people uncomfortable. But the successful organisation will need the "Speed", "Talent" and Branding. These things may be the only differentiation between performing and nonperforming organisation.

The journey of putting people at the heart of the organisation begins with aligning Human Resource to the organisation. The alignment could be—Vertical alignment or Horizontal or Temporal alignment as discussed in Chapter 4 in details.

Understanding Human Resource Requirement

In order to understand what is the human resource requirement in a performing organisation we must know what performing organisations think, plan and possess. The analysis have revealed that performing organisations, majority of them who are growing, possess the following :

- Sustained competitive edge
- Flexibility and response to customer needs
- Agility and ability to anticipate change and react to future.
- Creativity and Innovation
- Credibility and fairness
- Futuristic Visioning
- Effective Communication
- Continuous Technology Upgradation.

The workforce in performing organisations is future oriented, goal driven, independent and career focused which value achievement and competence. Performing Organisations encourage diversity of thinking and new ideas through incentives. Organisations also demonstrate tolerance towards mistakes and initial failures. In addition following are some of the areas where performing organisation focus :

- A mechanism of sharing knowledge in the organisation with focus on making the organisation a learning organisation.
- Streamline business processes to respond quickly to changing market conditions.
- To restructure the organisation which provide Role Clarity where each executive is accountable to his role and to the organisational objectives.

The performance management system is transparent, simple and reward the performers. The system establish work environment of Team work, Trust and professionalism.

Expectation of Corporates

The corporate expectations and their areas of focus reveals the following skill expectations :

- An attitude of creativity among the employees.
- Strong interpersonal skills and ability of people to work in teams.
- Flexibility in operations and management of resources.
- The organisations possessing "Changing Management Skills".
- Organisation is sensitive and understands technological advancement and market changes.

Skills Provided by Management Education

The skills provided by the management education programme are broadly the following :

- Keen problem solving skills and analytical skills.
- Intellectual competence, ability to conceptualise, analyse in perspective and arrive at a balanced decisions.
- Focussed and proactive approach.

In addition the management education provided specific skills depending on their areas of specialisation—Marketing; Finance; Human Resource; Operations Research; Leadership and Entrepreneurship. The specific skills are :

Marketing

Ambitious; Extrovert; Communication Skill, Perseverance; Enthusiasm and Passion; Positive attitude.

Finance

Analytical ability; Multi-facet Knowledge Flexibility.

Human Resource

Good Listener, Logical, Proactive, Selfless, Responsible.

Leadership and Entrepreneurship

Change Management; Entrepreneurial skills, Leading Teams.

In addition the skills of Effective Communication, Hard work; Positive attitude and working in a team are invariable required irrespective of the area of specialisation.

Skills Gap

Keeping in view the corporate requirement the Management Institutes are continuously modifying their curriculum and methods of teaching to ensure their product meet the requirements of corporate world. The experience have shown that still there are some skill gaps which are due to the specific expectations of some corporate and also the individual difference in the adaptability of the management trainees. Some of the key skill gaps are :

- Lack of Positive attitude
- Need for ongoing self development
- Need for upgrading the emotional skills lack of which results in interpersonal relation problems.

The focuss of the book "Human Resource Management" is to give an insight of the skills which the students pursuing management would require. It will also help the executives to give adequate stimulus for their "Self Development".

Management Challenges and HR Priorities in the Next Millennium

A study was carried out of over 1000 executives in 325 organisations. The executives were asked about what will be the management challenges and HR priorities in the next millennium. They were also asked about obstacles in building global economy. Based on the response of executives following were identified as management challenges with percentage of executives responding to the study.

- Improving Communication skills 76%
- Developing Leadership skills 75%
- Developing Change management skills 60%

The obstacles in Building Global Economy were Identified as follows :

- People and their attitude to change
- Lack of efforts in the Development of Human Resource.

To pay lip service to new ideas but not providing a climate where the initial mistakes in performance are ignored to encourage the executives to take risk while taking decisions.

Holistic View

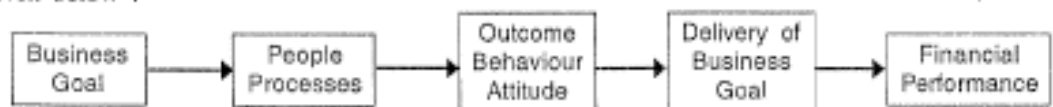
The performing or great companies possess the following :

- Have a VISION of how to compete.
- Exploit clear competitive advantage.
- Create real customer value
- Influence the environment
- Continuously innovate, cannibalize their own success and reposition their assets.

The above can be achieved by polymerising the efforts of the human resource in the organisation. The human resource should be integrated with organisational objectives, motivated and be made part of a learning and growing organisation.

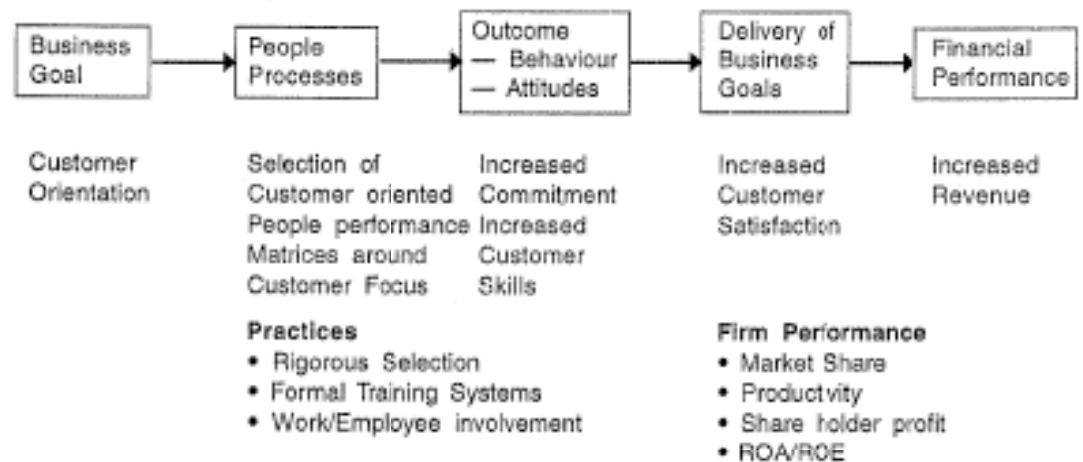
Human Performance and Financial Outcome

There is a total integration between the Business goal; Process and financial performance as given below :



The financial outcome will depend on what are the business goals. As the people processes are depending on the goals, and the process determine the behaviour norms, business deliverable and ultimately the financial performance.

If the customer orientation is the business goal the selection of people will be of those who are people oriented; the business deliverable will be the customer satisfaction and the increased revenue is the financial performance.



It has been observed that one standard deviation in HR system index can significantly increase shareholder wealth per employee. Similarly concern for employee welfare explains 15% of variation in profitability between companies across two time periods.

We have seen that people are at the very centre of successful organisations. The Chief Executives of all the companies realise and acknowledge that core of all the activities in business is human activity and all the more so in knowledge based companies, their major resource is the people assets. But in reality the people do not feel inspired or free to voice their opinion and people practices are not uniform and do deteriorate over time. There is a gap in what Chief executive say and what the people in organisations feel—in other words organisation fail well short of the concept—People are our most important assets.

The executive need to face up to this gap, stare reality in the face and care as much about the feelings of the people as about the traditional assets of finance and technology. The focus in future should be to develop a way of thinking about people in organisations and the central role played by dreams, hopes and aspirations.

The strategic approach to people would demand the following :

- Creating and building people strategy through "Visioning".
- Building processes within organisations which sustain the potential of people.
- Deep understanding of reality and broad involvement of multi-functional task force.
- Provide meaning, purpose and context that encourage individual potential to flourish and grow.
- Putting people at the heart of corporate strategy—humanness of the resources and creating a high performance work organisation.
- Preparing the organisation to sense change, manage change and adapt to the new realities.

Leveraging Intellectual Capital

It is based on the principle of "Create", "Develop" and Retain the human resource. In an organisation people will fall in any one of the following categories :

- Performers who can think laterally—are strategists visionary (Classified as A-Type).
- Motivators—ones involved in designing of processes—(Classified as B-type).
- Laggard—one's who are not performing or not contributing to the organisation—(classified as C Type). In an ongoing organisation 20% of people are identified in category C who need to be pruned.

Creating Talent

Organisation need to have established systems to have Job—People fit to be ensured through rigorous selection procedures. The companies depending on their manpower requirement recruit people at various levels depending upon the criticality of the jobs but thrust would be at Trainee level recruitment. The fresh recruitment always incorporate the futuristic skills.

Creating Organisation Structures

A forward looking organisation will have the following three layers of people.

- (a) Frontline Entrepreneurs (Implementors)
- (b) Development coaches (Those dedicated to designing processes and creating the right-premises for work)
- (c) Institution Builders (Visionaries, Strategists and Transformational leaders)

Creating a Learning Organisation

Organisations can create a learning climate by cultivating diversities in the functioning of an organisation. Creating learning involves the mechanism to unlearn the old and obsolete knowledge. Creating culture that inculcate learning and decision making. Learning organisations can be created by keeping the organisation constantly abreast with changes and disseminating learning throughout the organisation systematically.

2

Human Resource Polymerisation

INTRODUCTION

Business is a partnership of shareholders, employees, consumers, community and the Government. Each of these partners have different expectations from the business. The shareholders expect higher dividend; the employees—job security ; job satisfaction and growth; the consumers—better value for the money in terms of the quality and service; the community—the fulfilment of social obligation and price stability and the Government—the economic growth and development of the country.

Human Resource

The challenge before the managers is to merge and balance the interest and expectations of various partners in the business and to ensure the productive utilisation of various resources. The managers have the responsibility of safeguarding the public and national interest besides meeting their obligation towards the organisation, employees, and consumers and all those who deal and transact with the society and the nation as a whole. Managers should endeavour to accomplish the modern methods of effective management and efficient administration.

We are aware of the various resources, *e.g.*, Material, Machine, Men, Money, Energy and Management who are all important in achieving the productivity of the organisation. It is the human asset, the centre of all resources which converts the various resources into the productive resource.

Organisations of today are producing products and services which were unknown in the past and thus giving a new life with more material comforts than ever before. All these comforts are possible through the effective utilization of human resource which need to be polymerised in an organisation to result in a cohesive and enormous force. The human polymerisation needs individual, ideas and desire of organisational system. Polymerisation could be possible if an individual would establish a bond with other individuals, multiply and generate power to create, build and to produce. It is the human resource which has to harness all other resources effectively. It is only the human resource which appreciates with time whereas all other resources undergo the process of depreciation.

Human resource adds to value, while all other resources add to the cost. All the firms buy the same material and the machines but it is the people in the firm who build the organisation and make a difference in the final product. A machine's maximum value reaches the day it starts producing. Man never reaches an ultimate value throughout his life time at work, but is able to change, grow and enrich his value. Success of an organisation mainly depends on the quality of its manpower and its performance. Any forward looking management will be greatly concerned with the problems of developing adequate talent for manning various positions in the organisation.

There is a need for effective manpower planning and development, motivation, effective personnel policies and dynamic leadership, resulting in an organisational climate which may adapt to the changing and dynamic environment.

The role of building a motivated management inventory is with the managers managing the Human Resource. Gone are the days of handcraft when it was possible to take the best efforts from workers who were the members of the same family. In the era of automation and computerisation, there is a need to create an atmosphere within the organisation so that the work force is motivated for honest and sincere efforts. The will to work is something different from the power or capacity to work. One can buy man's time, his physical efforts, but not his enthusiasm, initiative or loyalty. Thus, enthusiasm or willingness to work can be created by motivation. Motivation means inspiring the person with a zeal to work for the accomplishment of the organisational objectives. Effective motivation succeeds not only in having an order accepted but also in gaining determination to see that it is fulfilled efficiently and effectively.

We all know that motivation gains momentum when it embraces leadership and direction that can elicit the full cooperation of the team which is so vital to the organisation. Basic concept behind motivation is to emphasize the importance of human resource and how this resource can utilise other resources effectively. The human performance is a product of ability and motivation and the business performance being the product of human performance and physical factors, therefore, motivating the work force which is the product of situation and the attitude of the people need to be cultivated by the practising managers so that they are able to get the best and consistent work out of their people towards productivity and resource utilization.

Management is primarily a human activity. The various functions of a manager, may be in any discipline—Material, Finance, Production or Engineering—can be classified as Managerial Functions and Operative Functions. The Managerial functions in all the above disciplines are identical, *i.e.*, Planning, Organising, Directing, Coordinating and Controlling but the operative functions vary, depending on the discipline. Therefore, for effective managerial functions, the professional art and science of working with and through the people is very important. Effective management is the life blood of an organisation. Management adds a real plus value to the operation of any enterprise. It is like adding two plus two and getting five. Management is an activating resource which provides new ideas and vision to the work group for smooth flow of work by strengthening weak links and establishing team spirit amongst the personnel.

Human Resource Utilisation

Human resource utilisation cannot be put in a formula of output versus input as the individual highly complex and inter-personnel relationship still more complex besides the group dynamics and organisational ideology. Therefore, the need of the time and the challenge before the manager is to intensify the desire and willingness of subordinates in order to elicit the potentialities of their subordinates for the achievement of the organisational objectives. There is a need for the managers to equip themselves to understand the process of change and develop the ability for planning, organising,

communicating, problem solving, managing conflict and tolerance. This will be possible only through the process of self-awareness and self-development. But self-development will demand the desire to improve, wisdom for selecting proper actions and time necessary to work toward the investment. The desire, therefore, must come from within, the wisdom must be developed and time must be planned. Self-development will not only provide a better executive life but also a richer and fuller social life.

Management is a composite and comprehensive discipline concerned with the introduction of effective means and methods for achieving organisational objectives. Present day management has no choice but to have a deep knowledge and understanding of the effective system and methods. Management must try to understand and help in solving the genuine problems of workmen arising in the course of their duty in order to effectively use their productive skills.

Polymerisation of Human Resource

Management has the responsibility for the development, allocation and productivity of human resources. Productivity is the first and foremost component of the management and its first responsibility cannot be achieved without its key resource. Human being as such is not a resource and becomes a resource only if trained, developed and allocated to productive work. This is the central task of Management. In a developing country like ours, we have far more people than can be productively employed but there are far less productive human beings. The central task before the management in a developing country is the planning, training, developing and managing of human resource. Initially it was thought that an individual's life time can be divided into two distinguished phases :

(a) Formative years.

(b) Working years.

Formative years provide the individual with a process of transfer by which he assimilates the knowledge and experience of his predecessors. During the working years, he is expected to confront reality, with the knowledge and wisdom he has obtained during the formative years. This concept is no longer relevant because of the multi-directional social changes and of the accelerating pace at which it takes place. This is the moment when we must reconsider, rethink and reorder our concept concerning educational development. People of today possess rising aspirations and expectations. The modern educational system has also brought new ways of training, new relationships, new material potential and new social goals at all levels of society and in all parts of the world. In industrial set up of today, both employees and employers have accepted with the passage of time, provisions for health, insurance, unemployment benefits, pensions, legal insurance, rights for humanity, job security, participation and joint decision making. Directly related to and perhaps even an extension of the rising expectation is a growing concern for the inter-relationship of the individuals, groups, organisation and its systems. It is reflected in the concept that the individual makes an investment in the job. It represents concern for individual life beyond the working situation recognising the importance of issues beyond the job.

There is also a developing realisation that productivity is not the function or the responsibility of the management alone, but a concern for all, both within and beyond the work place. One of the most complex and challenging factors is the increase in scope and significance of the transactional and cross cultural relationship and functioning. A problem which affects practically all cultures is the broad and permanent impact of technology on the society, the organisation and the individual. Managers are experiencing increasing pressure for greater creativity and resourcefulness by improved planning and effective leadership. A machine's maximum value is reached the day it is installed and starts producing, but human resource never reaches an ultimate value throughout the life time at work.

The objective of Human Resource Management is to contribute to well being of our customers, shareholders, employees and the society.

3 **Human Resource in Future**

MANAGING HUMAN RESOURCE DIVERSITY

Human resource management perhaps, the oldest and most widely researched subject in management. Yet, as technologies change, cultural diversities occur and people's expectations undergo fundamental shifts toward the newer and newer dimensions. For instance, professionals are gaining more say in the running of organisations. Even where governance is by people who own the majority stake, their own positions and the respect they command are contingent upon their competence rather than ownership.

The entry of multinationals has also brought in fundamental changes in the work culture, work ethics and remuneration patterns in India, all of which have a clear bearing on the career growth path of individuals. Added to this are the rapid changes taking place on the technological front, flattening hierarchies and making people come together more than ever before. Amidst all this change, the high ethical standards of an individual, be it a workman on the shopfloor or the Chief Executive Officer, matter more now than ever. The dual ethical standards often maintained by people to differentiate between their highly ethical behaviour on the personal front—often the exact opposite when it comes to the way they conduct business are counterproductive in the long run. The new authority is emerging and organisations are member led, officer driven, customer focused; a team, environment where the whole is greater than the sum of its parts. A flat management structure where employees and managers are fully empowered and decisions are devolved close to the customer; a culture of learning rather than blame; a clear sense of direction and purpose. A firm commitment to deliver high quality public services through a combination of direct-provisions and effective partnerships.

The industry is experiencing changes in societal, governmental, organisational and attitudinal areas. Rapid extension in the frontiers of knowledge, the continuing need for developing high-quality manpower, and the fear of managerial obsolescence, have necessitated executive development, *i.e.* the

ultimate reason for offering executive development within organisations is to improve a manager's attitudes, knowledge and skill to ensure the organisations' survival, growth, planned financial returns, and their ability to adapt to changing circumstances.

Success of any organisation is determined by the people team—their calibre and their attitude to succeed and out perform. Employees are the only resource which is capable of self propulsion and value addition. Unlike any machinery that gets devalued or depreciated with time and age, the human resource the only resource which appreciates with age and experience. But this is fruitful only if people are developed and kept satisfied. It is unlikely that any improvement can be made in terms of production, productivity, quality or customer service until people are developed.

The changing business environment, requiring companies to constantly innovate. Better awareness on the part of the consumers and other stakeholders in the company makes the task of organisation managers more difficult. The Human Resource Manager has to continuously ask the following questions.

- (a) How are our HRD policies different from other leader organisations
- (b) In what unique ways we can add value to our employees, provide motivation and develop internal customers to give their best.
- (c) What are we doing today to ensure that our personnel policies are unique and best for the future.

Benchmarking Outstanding Practices

There is a need for benchmarking and adopting outstanding practices and processes from organisations any where in the world in order to help the organisation to improve its performance. Benchmarking is an ongoing task at all levels of business in finding and implementing the world's best practices. It is classical Total Quality Management. The approach has proved to be effective not only in providing new ideas for change but also in building a commitment to change.

Purpose of Human Resource Department

One of the important objective/purpose of Human Resource Department is to build the organisation culture imbining :

- Vision
- Values
- Processes and
- People.

Human Resource Department goals are based on the super ordinate goals of the organisation. For culture building, the specific values of the organisation are identified that need to be inculcated in the employees. Some of the values are openness, empowerment and delegation, listening ability, ownership commitment and accepting mistakes. Regular training programmes are conducted to ensure that these values are imbibed and employees exhibit in their behaviour these values. This is the essence of helping employees through continuous change. HRD can build a system of empowerment and ownership among the employees to develop a sense of commitment. Employees are constantly motivated to involve themselves to produce best developmental activities and the organisation is sensitive to the employees feedback and shares with employees regularly the future plans and programmes and other issues related to the management. Most of the organisations are undertaking HR Studies in-house or with the help of Consultants. The objective of the study are to undertake the following :

- Position Analysis

- Position Evaluation
- Objective Study
- Performance Contract
- Human Resource Deployment and
- Compensation Study

Because of the fast changing technological, cultural, diversities, there is a need to achieve optimum utilisation of resources. HRD is undergoing conceptual change and HRD can no longer remain a silent spectators as regards to organisation policies, achievement of organisation mission, objectives and goals at all levels/function of the organisation. HRD is playing a leading role of change agent by way of introducing Quality Management. Some of the concepts which were originated from Japan have become quite popular in India are now introduced through HRD interventions. The intervention start right at the initial stage of "VISION"; "MISSION" and "VALUES".

Mission; Values and Vision

What makes a great company is the vision of how to compete; exploit clear competitive advantages; create real customer value; influencing the environment, continuously innovate, cannibalise and reposition their assets.

This could be possible by Vision and Strategy journey where MISSION is why Company Exist; VALUES—What is import to us. VISION—Where we want to be and STRATEGY our game plan. With appropriate HR Interventions and Strategic outcomes the organisation will achieve satisfaction for all stake holders—Customers; Shareholders and Workforce, Some of the slides will give an insight of the concept of MISSION; VISION, VALUES; GOALS and COMMITMENT.

<p>Mission Why we exist</p> <p>Values What's Important to us</p> <p>Vision What we want to be</p> <p>Strategy Our Game Plan</p> <p>Strategic Initiatives What are the priorities</p> <p>Empowerment/Personal Objectives What I need to do</p> <p>Strategic Outcomes Satisfied Shareholders Delighted Customers Efficient & Effective Processes Motivated & Prepared Workforce</p>	<p>Mission</p> <ul style="list-style-type: none"> • An effective mission is articulation of an organisation's purpose or reason for its existence. • Mission is a description of a desired future state. • It drives the organization, inspires and motivate people towards its achievement. • It also provides a basis of setting goals and direction for decision making.
<p>Vision</p> <ul style="list-style-type: none"> • A shared view of the future • Arrived common understanding of what future could be • It is the energy and inspiration of short-term goals and vision which drives the whole system. 	<p>Vision</p> <ul style="list-style-type: none"> • Set clear objectives, • Obtain commitment, provide proper support and work in line with the vision towards achieving the desired objectives

Vision

- The bigger and bolder the vision, the more it will propel forward.
- If team members are involved in the Vision and Objectives of the organization, they can contribute in a better way to organizational development.
- Shared vision and value provide direction, commitment and driving force to all team members.

Goals

The purpose of goals is to focus our attention. The mind will not reach toward achievement until it has clear objectives.

You will encounter people who react negatively to your goals.

The truth is, your goals scare the heck out of them.

If your goal makes you sweat a bit, then chances are it's a really good goal—one that will stretch you.

People don't plan to fail—people fail to plan.

Goals

- Goals, like maps, help to get to destination much faster than sailing through life aimlessly.
- Goals determine what you are going to be.
- Goal must be consistent with your values.
- While formulating goals one should utilize one's potential and strength area.
- Consistent action plan towards achieving one's goal will eventually get one's there.

Focus

Focus : point at which an object must be situated so that a well-defined image of it may be produced.

—The Oxford Dictionary of English Etymology

When you master the ability to Focus on anything, you will master that thing itself.

Focus your thoughts—you master your mind.

Focus your emotions—you master your heart.

Focus

Focus your creative attention—you master your imagination.

Focus is simply a matter of practice.

- Passion coupled with zest to implement values and culture.
- Involving everyone to share the vision.
- Communicate vision down the line.

Commitment

A Chicken and a Pig Were having a Discussion

The chicken said,

"I Am Committed to Giving One Egg Every Day."

"That's Not Commitment", the Pig Said.

"That's just participation. Giving bacon, now, THAT's commitment !"

Nothing happen without commitment.

Commitment

Commitment is as simple as giving and keeping your word. Doing your best.

Commitment is doing what you said you would do—whether or not you feel like it today.

If you fail in commitment, take another look at it and ask yourself,

"Did I quit too soon ?"

Passion

If you're not Living with Passion

— you are not living.

You are merely existing.

Choose to LIVE !!

Purpose & Values

Great minds have purposes;
Others have wishes. —W. Irving
Purpose is your vision. It is the driving force
in all accomplishments of greatness.
You don't have to be famous to live a heroic life.
All that's required is having a goal bigger than
you are.

Our values are the wellspring from which
comes all that we want in life, everything we
seek and search for.
Our values are the source of who we think
we are.

Attitude

Life can be a rocky road.
The Challenge is not to let it grind you into
dust, but to polish you into a brilliant gem.
— J.M. Fogg

A routine of constant challenge builds strong
beings,
Much as a good gym workout builds strong
bodies.

Attitude

Any fact facing us is
not as important as our
attitude toward it,
for that determines our success or failure.
— N.V. Peale

Positive attitudes create positive results.
Remember, before people buy anything they
buy your attitude — no matter what you're
selling.

Beliefs

What you believe yourself to be, you are
—C.M. Bristol

Your beliefs shape your actions.

Your actions create your results, and those results,
when stretched out over a lifetime, are what's called
your destiny.

Beliefs and Values

- Objectives and strategies don't get you there.
values and people do.
GE's Jack Welch
- The beliefs and values give a common cause
and a sense of purpose. To meet the challenges
of the future. Wipe prepared to change every-
thing except their beliefs which guide, govern and
bind them together as in organisation.

Values

- Values are the core of an organisation, which give
a distinct identity.
- The fundamental character or spirit of a culture...a
dominant assumptions of a period or people.
- Defined as an underlying spirit or character of an
entity or group and is made up of its beliefs,
customs or practices.

Values

- People look for order, meaning and pattern in
the environment in which they live. These
patterns/meanings are actually rooted in the
values of the organization.
- The behaviour pattern of the people is largely
influenced by the values of the organization.
- Values are the unchanging core of the organiza-
tion, which provide it the stability in the otherwise
turbulent business environment.
- Values provide a direction to any organization

Conquering Fear

**The Key to Conquering Fear Lies in Mastering
Belief.**

Failures and Success are just one of those things
we make up.

All fears, including those most destructive such as fear
of failure, are nothing more than a state of mind.
And if you want to walk around in a powerful state
of mind that will have you on top of the world,
bringing you greater results you never dreamed
were possible—Gratitude is it.

Fear kills creativity and imagination.
The true warrior is one who has the courage to do
battle with the enemies within.

<i>Courage</i>	<i>Courage</i>
<ul style="list-style-type: none"> • To the question of your life, you are the answer, you are the solution to the problem of life. • Courage means never giving up. • Courage is standing for what you believe in and facing difficulty with confidence regardless of the odds against you, facing pressure that tears your resistance. 	<ul style="list-style-type: none"> • Courage is keeping the smile on the face when inside you feel like dying or life seems to fall apart at your feet. • Courage is doing what is in your heart and knowing you are right. • Courage is determination for doing more than expected or loyalty giving more than you have. • Courage is expecting nothing in return.

VALUES

- Values provide a direction to any organization.
- People look for order, meaning and pattern in the environment in which they live. These patterns/meanings are actually rooted in the values of the organization.
- The behavior pattern of the people is largely influenced by the values of the organization.
- Values are the unchanging core of the organization, which provide it the stability in the otherwise turbulent business environment.
- Values are the core of an organization, which give a distinct identity.
- Core Values are the basis of vision, they do not constitute it.. Vision can be wrong, hopelessly off the mark if they are not been from strong values..
- Core values are the values that are not subject to compromise with the change in environment of the organization.
- According to GE's Jack Welch "Objectives and Strategy do not get you there, values and people do".
- Azim Premji of Wipro says "Absolute commitment to values and beliefs of the organization- Wipro is prepared to meet the challenges of the future and for that will bring about any change in System, Strategy and Structure except their beliefs and Values as they alone guide, govern and bind them together as an organization.

An organization which is professional may identify Core Values and desirable values. Some of the core values identified are given below with their definitions :

Openness and Trust

Openness and trust are the basis of good working relationships on which the effectiveness of the organization depends. This imply an acceptance of a mutual balance of rights and duties between individuals and the company :

- Making information available and make it visible
- Accept new ideas
- Involve people in decision making which affects them
- Be ready to listen and appreciate others' viewpoint

Empowerment and Delegation

To lead the best we must cultivate talents through company wide delegation, empowering others to carry out tasks with responsibility thus experiencing career growth and advancement.

- Develop and train people systematically
- Give authority
- Own responsibility for failures
- Give open recognition for success

Listening Ability and Willingness

We will listen and give due consideration to the viewpoint of the others and thereby encourage them to express their ideas constructively.

- Understanding others' viewpoint
- Accepting others' feedback
- Providing fair and frank feedback
- Having a neutral stand while listening

Honouring Commitment

A mutual and inspiring trust will best be nurtured and sustained by honouring our commitment to tasks and to people thus laying a foundation for confidence and loyalty.

- Promise only what you can deliver and deliver what you promise
- Say what you mean and mean what you say
- Total dedication to the task at hand

Accepting Mistakes

Failure is the stepping-stone to success. We will accept our mistakes with dignity and endeavor to improve upon them by proactive steps to prevent their recurrence.

- Being accountable
- Unreserved sharing of feelings
- Owning responsibility
- Honest to say what you have done

Harmony and Co-operation

Harmonization of interest of individuals and the organization will result in a strong sense of belonging and loyalty to the organization. The organization, on the other hand will provide ample opportunity for the growth of employees and realization of their full potential.

- Giving help to others and asking for help from others
- Working together to solve problems
- Maintaining good inter-personal relationship
- Giving and receiving feedback without any bias

Keeping Others Well Informed

A mutual and inspiring trust, nurtured by honest and open communication, should unite our actions and relationships with one another providing a foundation for teamwork, confidence and loyalty.

Involving Others in Decision Making

Success depends on our ability to deliver a job of excellence which can be achieved by involving others in decision making to deliver results of values.

Open to New Ideas

Creativity and innovation are the life and blood of a progressive work culture which is essential to sustain dynamism among the employees and enthuse them towards improved levels of efficiency every day.

Provide Equal Opportunities

Equality means to recognize and respect individual differences and to treat each other fairly. Napino will commit to this principle and will provide equal opportunities to each individual.

Spending Time in Training Others

We believe that it is the job of every employee to develop his subordinate. Therefore, we will take the responsibility to care for our subordinate's development, prepare them for future roles and enhance their contribution to the organisation.

Objectively Evaluating Others

Our competitive edge in the market depends on how our skills and expertise measure against the world's best. We believe criticism is best when it is objectively given based on facts, avoiding value judgement of others recognizing universal principle of human fallibility.

Practice What We Say

Our policies and plans are our verdict and we will ensure that we commit ourselves to our task always recognizing that our best today can be bettered tomorrow.

Upholding Declared Values

At the heart of company values lies company spirit. It encompasses the determination, resourcefulness, boldness and vigor by which we work. Collectively, we believe this urgent and relentless drive will enable us to shape the future of our industry and deliver the performance that earns us success in the marketplace.

Displaying Consistency in Behaviour

Consistency in thought and action over a period of time marks the credibility of an organisation, a quality that we are determined to acquire through our determined efforts in the direction.

Humility and Compassion

We believe that we all are striving to achieve our potential, every day achieving small successes through our efforts maintaining our humility and extending our helping hand to our colleagues striving to achieve the common goal of organizational excellence.

Initiative

We will dedicate ourselves to the company's operations and take full initiative to create innovative and superior products and services, faster and more effectively than can our competitors.

Recognizing and Acknowledging Good Work

We will develop Company talent and skills to its full potential to increase contribution to the success of the business. Our recognition and rewards will acknowledge one's achievement and success in creating value for all stakeholders.

The Mission, Values and behavioural standards of Bombay Dyeing & manufacturing Company has been discussed as under.

MISSION

The purpose of the Bombay dyeing and manufacturing company limited is to serve society by

Being a preferred supplier to our customers by providing consistent quality products and services of highest possible value.

Achieving performance standards that would ensure success to stay in the forefront of our business.

Transacting our business with highest ethical standards, earning respect and image.

Providing an environment for employees and suppliers to fulfill their aspirations.

Ensuring reasonable returns to the shareholders.

Ensuring highest safety standards and protection of environment in consonance with society's needs.

VALUES

The following is the difference between emotional and intellectual values.

<i>Emotional</i>	<i>Intellectual</i>
We shall achieve the purpose by Winning the trust of all stake holders with integrity ; Respecting their individuality with humility ; Owning responsibility with commitment ; Creating harmony through cooperation ; With perseverance and pride in what we do; Driven by a sense of achievement.	We shall achieve excellence Through quality ; Using fact based management; Continuously improving and innovating ; Our process and products; Driven by customer need.

EMOTIONAL VALUES

<i>Trust and Integrity</i>	<i>Behavioural Standards</i>
<ul style="list-style-type: none"> • We shall be fair and honest and win the trust of all those we deal with. • We shall not compromise our integrity. • Our actions shall be open and transparent. 	<ul style="list-style-type: none"> • Our credibility and reputation have been built over the years and are our most precious assets. Fulfilment of commitments ensures credibility. • Commitments will only be made after due deliberation, taking into account all relevant facts and careful consideration of our ability to plan and perform. • In exceptional circumstances when we are unable to meet our commitments we shall anticipate and communicate the reasons well in advance. We shall also make sincere efforts to arrive at a mutually agreed solution. • Justice, fairness and equity will be guiding principles in our dealings with situations and people. • Our actions shall be consistent and will reflect objectivity, openness and conformity to good business practices.

Humility and Respect

- We shall respect the dignity of the individual.
- We shall encourage free flow of ideas and opinions.
- We shall be caring and courteous.

Behavioural Standards

- We shall be courteous and modest in all our relationships.
- We shall listen to and give due consideration to the view point of others.
- We shall respect the time of others.
- We value our people and recognise their contribution to the growth of our organisation.
- We believe that each individual has potential to develop and we shall create an environment for our people, to facilitate self development and realisation of their potential.

Commitment and Responsibility

- We shall be responsible, committed and disciplined in fulfilling all our obligations.

- We believe that convergence of individual and corporate goals is a pre-condition to success.
- We shall communicate in clear and unambiguous terms what our objectives and goals are and provide necessary focus and direction for such convergence.
- We shall accept our responsibility which involves ownership of objectives, tasks and functions assigned to and accepted by us.
- Self discipline is essential for sustained high performance. It involves adherence to agreed plans procedures and time schedules. Proper work ethics including punctuality, orderliness and cleanliness will be practised by us with self discipline and dedicated involvement.

Harmony and Cooperation

Corporate excellence requires collective effort.

- We shall promote team work and encourage harmony and cooperation in achieving our objectives.

- Harmony and cooperation are essential ingredients of sustained excellence.
- We will emphasise the importance of team work and encourage cooperation across functions, disciplines and divisions.
- We will continuously improve communication and promote involvement of our people in formulating goals and objectives.
- We shall facilitate the achievement of goals and objectives through mutual respect, appreciation of each others view point and promotion of group and team effort.

Drive for Achievement

- We shall encourage drive for achievement amongst our people.

- Organisational growth and prosperity can only be achieved by exceptional performance of it's people.
- We shall ensure our people understand and realise their full potential.
- We shall encourage initiative and provide opportunity and support to our people to achieve high performance.
- We shall motivate, recognise and reward such performance.

Pride and Perseverance

- We shall constantly pursue without compromise our goals and adhere to our values with total dedication and take pride in our achievements.

- Perseverance is an expression of the values of commitment, dedication and tenacity of purpose.
- We shall learn from mistakes and persist in our efforts in achieving long term goals despite set backs.
- We shall regularly share with our people, organisational purpose, goals and achievements.
- We shall identify ourselves with our organisation and will take pride in all that we do to achieve excellence.

Customer Focus

- We recognise that the customer is the final judge.

- We shall continuously assess and be sensitive to the stated and perceived needs of our customers. Our actions will be guided towards achieving customer satisfaction.

- We shall respect the customer, both internal and external by anticipating and meeting his needs.

Quality Focus

We shall be focused on quality in terms of ensuring :

- Product and services meet and exceed internal/external customer needs.
- Commitment cost.
- On time performance.
- Compliance with safety norms.

- We shall put "Quality First" in all our actions.
- Quality to us means not just the characteristics of our products and services but all that we need to do to meet the requirements of our customers whether internal or external in terms of time, cost and safety.

Process Focus

- Quality improvement is achieved by improving processes. Every activity or item of work in an organisation comprises of one or more processes.

- We shall focus on our business and manufacturing processes to achieve our goals. We believe that right processes will produce the right results.

Fact based Management

- We shall take decisions based on facts and data.

- We shall use factual information to constantly review and take preventive and corrective actions to improve our processes.
- We shall strengthen our systems for compiling and analysing data to meet this objective.

Continuous Improvement and Innovation

- We shall not be satisfied with status quo but will continuously improve and innovate.

- Change is a prerequisite for progress. We shall be receptive to change in our approach, methods and procedures.
 - We shall foster creativity among our people. We shall provide a work environment which facilitates innovation and ensures timely recognition and appreciation.
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6 Competency Management

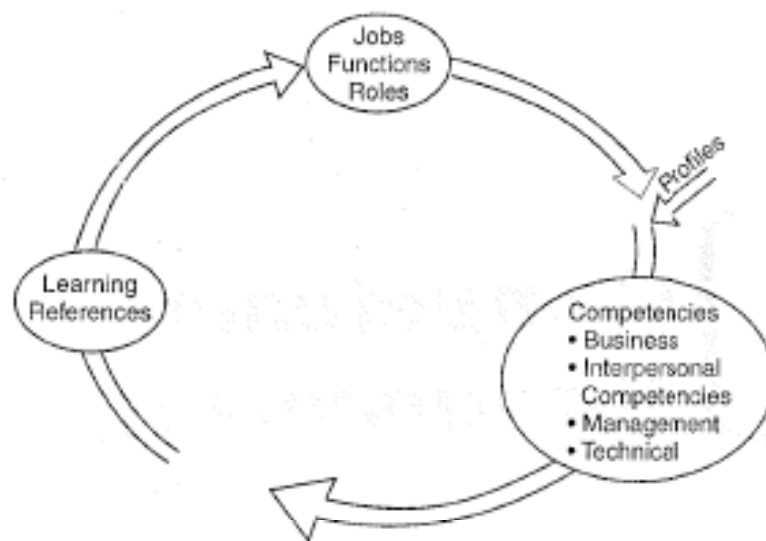
INTRODUCTION

Competency management is a discipline and a process that work together to translate a business plan into "who needs to do what" to succeed. Effective competency management helps an organisation assess and measure individual performance—the key to achieve business goals and measures.



Competency Model

The right competency model links jobs, competencies and learning resources to drive the performance of business.



The competency models are the beginning and are the building block that let them manage the organisation with clear plan. Competency Management is the heart of successful performance management—the process that drives individual performance that leads to overall success of the organisation. The effective competencies are context bound. The effective competencies are linked to organisational target or goals. The competency model therefore depend on the context toward :

- The total organisation (e.g., core competencies or values)
- An entire function (e.g., finance, human resources)
- A career level (e.g., Individual contributor, team leader, strategist, or executive)
- A specific role (e.g., HR generalist)
- A specific Job (e.g., compensation analysts)

Competency management provide an excellent engine for raising the balanced common standards, and integrating HR processes.

Competency management is at the heart of successful Performance Management—the process that drives individual performance that leads to overall success of the organisation.

Some of the standard competencies identified are as follows :

Attitude/Aptitude

- Commitment
- Creativity
- Customer Focus
- Empathy
- Entrepreneurship
- Flexibility

- Integrity
- Openness
- Quality focus
- Self Development
- Team Work
- Willing to Change

Skills

- Communication
- Computer Knowledge
- Leadership
- Logistic Management
- Negotiation Skills
- Relationship Building

Knowledge

- Commercial knowledge
- Cost benefit understanding
- Safety/Health and Environment

Functional Knowledge

- Manufacturing
- Human Resource Management
- Finance and Secretariat
- Marketing Management

The identification of competencies will vary from organisation to organisation. The competencies are identified in four main heads : Aptitudes/Attitudes; Skills; Knowledge and functional knowledge to provide the organisation with competitive advantage and facilitate employees in working more efficiently.

Core Competencies

Competencies are human capabilities for the organisation to maintain and develop a competitive edge. It reflects the culture of the organisation. It cut across functions and business lines and can be applied to all types of employees.

Core competencies cut across functions and line of business and are applied and relevant to all employees. Core competencies work best under certain circumstances. The core competencies can be identified as follows :

Competency Profiling is a worthy investment for intellectual capital; Customer Satisfaction; Bench Marking for continuous improvement and also for customer involvement. Core competencies are those capabilities that are critical to business achieving competitive advantage.

The senior management cannot focus on all activities of a business and the competencies required to undertake them. So the goal for the management is to focus attention on *competencies that really affect competitive advantage*.—Core Competence.

A core competence is the competency that other competitors wish they had within their own business. A competence which is not exceptional in same way should not be considered as a core competence, as it will not differentiate the business from any other similar business.

It follows that resources that are standardised or easily available, will not enable a business to achieve a competitive advantage over rivals cannot be classified as core competence. Core competences are the skills that enable a business to deliver a fundamentally customer benefit—in other words what is that which cause a customer to choose one product over another. It has been observed that over time companies may develop key areas of expertise which are distinctive to that company and critical to company's long term growth.

The idea about core competencies developed by C.K. Prahalad and G. Hamel is that in future managers will be judged on their ability to identify, cultivate, and maximise the core competencies that make growth possible. The organisations area of expertise may be in any area but are most likely to develop in the critical central areas of the company where the most value is added to its products.

The core competencies are not seen as being fixed. Core competencies should change in response to changes in the company's environment. They are flexible and evolve over time. As business evolves and adopts to new circumstances and opportunities, so does core competencies and will undergo changes.

Identifying Core Competencies

How can a company like HDFC, HSBC or even American Bank etc. established a strong leadership in financial or investment sectors. The following are some of the factors to help identify core competencies in any business.

- A clear distinctive brand position that focuses on defined customer group.
- Leading direct marketing skills—database management campaigns; call centre sales conversation.
- Skill in customer relationship management.

Why does Dell have such a strong position in the personal computer market ?

- Core competencies that are difficult to imitate by competition.
- On line customer interaction about each computer built.
- Minimisation of working capital in the production process.
- High manufacturing and distribution quality—reliable products at competitive prices.

How TESCO been so successful in capturing leadership of the market for online grocery shopping.

- Core competencies that mean customers values the TESCO company experience highly.
- Designing and implementing supply stems and effectively back existing personalise shops with the TESCO.com. website.
- Reliable and efficient delivery infrastructure (Product; Packing; distribution, customer, satisfaction handling)

Profiling : Positions and Persons

Each identified competency parameter for Position/Person profile are assigned importance and rated on a five level scale as per the Competency Directory. Competency Directory gives definitions of each scale. The description from one level to another clearly showed a marked difference in the requirements. For example for one of the Competency parameter the description varies as under :

WRITTEN COMMUNICATION

(Write and Transmit Information)

1	2	3	4	5
	Write standard documents	Write structured and developed notes and documents	Write in a simplified manner complex messages in order to sustain the choices of the reader	Write in a simplified manner complex messages in order to influence the results/reader

The competencies are identified and prepared after detailed deliberation between the core management team of an organisation and the consultants based on existing competencies required by the organisation and future competencies that would be required, keeping in view the business plans, growth plans, etc. The identified competencies are given definitions of each competency and its five level scale. These are documented and the final compilation is termed as Competency Dictionary.

Competency Profiling Process

It can be summarised as :

- Identification of core competencies under four major heads—Knowledge, Skills, Aptitude/Attitude and Functional Knowledge.
- Preparation of Competency Directory
- Identification of Benchmark Positions as a level above which positions to be profiled.

The Competency Profiling Process requires Position Clarification exercise to be done whereby Scope; Size; and Responsibility of positions to be profiled is undertaken. Here after the Person Profiling of the person is done on identified competencies on a five point scale. The Competency Ratio of each person is determined based on the ratio of :

$$= \frac{\text{Person Competency}}{\text{Position Competency}}$$

Based on the above Median Person/Position ratio of executive on individual competency is calculated.

After this company average on each of the competencies with the number of employees above and below the average are determined. The competency interpretation indicates the degrees of fit between the person and position. Based on this "Gap Analysis" the individual training needs can be assessed. The summation of such individual training needs helps up determine the Group Training Needs of the Organisation. The strengths and the weakness of the organisation are determined based on the basis of percentage (%) of employees above and below the company average on a particular competency. The competencies that position holder most often fell below the position requirements have emerged as the focus area of training. The above analysis also help us in determining the culture of the organisation or values of the organisation for which the organisation is being remembered or acknowledged.

- (c) Multisource appraisals are excellent instruments for diagnosing and initiating change at individual, team or departmental and organisational levels.
- (d) An open and non-threatening atmosphere is needed for using such multisource appraisals for development. It is useful and necessary to establish a supportive climate from the top management before such exercise is undertaken.
- (e) The value of such exercises is enhanced if the feedback focuses on the individual assessment with that of the departments, units and organisations and is linked also with softer dimensions of organisational performance.

A survey indicated that there are at least a dozen organisations that have started using 360 degree appraisals. Most of these are either multinationals or joint-ventures in India. In all these organisations, 360 degree appraisals are limited to use by the top management. The survey indicated these trends.

- In almost all organisations, it is used as a development tool and is not linked to rewards fully.
- Experience is available mostly for one to two years.
- The list of assessors is drawn up by HRD department, individual himself, appraisee's boss and the top management team.
- Some companies have still kept it voluntary and are experimenting with 360 degree appraisals.
- The minimum number of persons required to be assessing the candidate vary from 6 to 16 persons in these organisations.

There is no standard format that can be considered for such appraisals. Every organisation can develop a format that suits its own needs and the level of involvement of the staff.

11

The 360 Degrees Appraisal System

Concept

One of the major consideration for organisations which have gone for 360 degree feedback has been strategic integration and alignment of performance management and business goals in the increasingly competitive environment.

The 360 degree feedback should be introduced at all levels in the organisation but it has been observed that most of the organisations have introduced it at the top and only in few cases upto middle levels in the progressive companies.

Applications of 360 Degree Feedback

Following are some of the key applications of 360 degree feedback.

- Helping an individual manage one's performance better.
- Facilitating learning process for the employee.
- Providing feedback to individual regarding his "self" and his strength and weaknesses.
- Increase interpersonal communication among team members.
- Planning for development centres, identification of development needs like potential for leadership, competences, etc.

The 360 degree feedback process is commonly used today in many organisations in order to help the executives assess and strengthen their effectiveness. The 360 degree feedback instrument is a survey that includes a series of questions, which measure specific leadership and management actions and behaviours. It is a practical method of receiving feedback from a variety of sources including your supervisors, peers, direct reports and yourself. The feedback comes from people who work all around you which is why it is called 360 degree feedback.

SETTING UP 360 DEGREE FEEDBACK

For introducing the 360 degree process in an organisation the employees are familiarised with the following terms.

Participant	— A person who is evaluated by other through 360 degree feedback process.
Evaluator	— A person who evaluates another person by filling out 360 degree survey on them.
Supervisor	— The person boss or bosses depending on who all the person is reporting.
Peer	— Someone with whom the person works with and who does not report to him or her.
Consultant	— The trained internal or external person whom one will meet to discuss one's 360 feedback.

360 Degree Appraisals

As we move from 360 degree feedback to a 360 degree appraisal we built on at least one more critical element of standards of performance expectation.

It means that the standards which the appraisal is using for judging the performance of the appraisee must be seamlessly integrated with the measure of performance used by the organisation and also understood by the appraisee. The perceived role, actual role and the accepted role of each appraisee be same. For a 360 degree appraisal if the customer has been included then the yardstick that the customer uses to measure the quality of the performance need to be translated into the measures the organisation would use to rate the same performance.

The 360 degrees is the evaluation of a manager's approach to work, quality of interaction with colleagues—bosses, peers and subordinates. The method of application is to administer structured questionnaire to assessees who are colleagues, subordinates and superiors.

It is a way of assessing managers' performance using top down evaluation systems. After gauging their potential one can have the persona of each—his talents, his behavioural quirks, his values, his ethical standards, his tempers, his loyalty—scanned, sorted, and stethoscoped by those best-placed to carry out the diagnosis : his colleagues. This hot new form of assessment, know as 360 degree feedback, involves having a manager rated by everyone above, alongside, and below him.

Corporates like General Electric India (GE), Crompton Greaves, Godrej Soaps, Wipro, Infosys, Thermax and Tomas Cook are all using the tool to find out home truths about their managers. The techniques pans-over several parameters; performance as well as behaviour, how effectively a manager handles boss and his juniors, how clearly he communicates etc. In the west, 360 degree feedback systems evolved from organisation surveys, total quality management, development feedback, and performance appraisals. Each line of practice has contributed to developing feedback process for organisations to use effectively in providing increased quantity and quality of information to individual workers. To analyse whether there is a need for 360 degree evaluation answer the following.

If your answer to any six following questions below is 'Yes', it is time that you think of switching over to 360 degree feedback.

1. Do senior managers in your organisation have some favourites ?
2. Do they tend to assess a few of them liberally and a few others in a conservative way ?
3. Do you feel that junior managers in your organisation do get a chance to present their performance and achievements to their seniors ?

4. Are most managers in your company in the age group 50 and above ?
5. Is your employee turnover less than 10% in managers for the last five years ?
6. Are most people unhappy with your performance appraisal systems ?
7. Are there more demotivated people when you announce rewards or promotions ?
8. Are there frequent complaints about some people getting more rewards than other ?
9. Is there less than two seniors who appraise the performance of every employee ?
10. Have you adopted or are in the process of adopting TQM or any other quality focused interventions ?

The 360 degree appraisals are performance appraisals of an employee using multiple assessors or appraisers. All those who form the role set members assess the appraisee once a year on a standard format developed through careful research reflection or review. These are also called as multi-rater appraisal. The appraisers are taken from the supervisors, subordinates, colleagues in other departments and other internal or external customer groups.

Merits

- Evaluates methods applied to achieve targets.
- Reveals strengths and weaknesses in managing style.
- Forces inflexible managers to initiate self-change.
- Creates an atmosphere of teamwork and empowerment
- Unearths truths about organisational culture and ambience.

Demerits

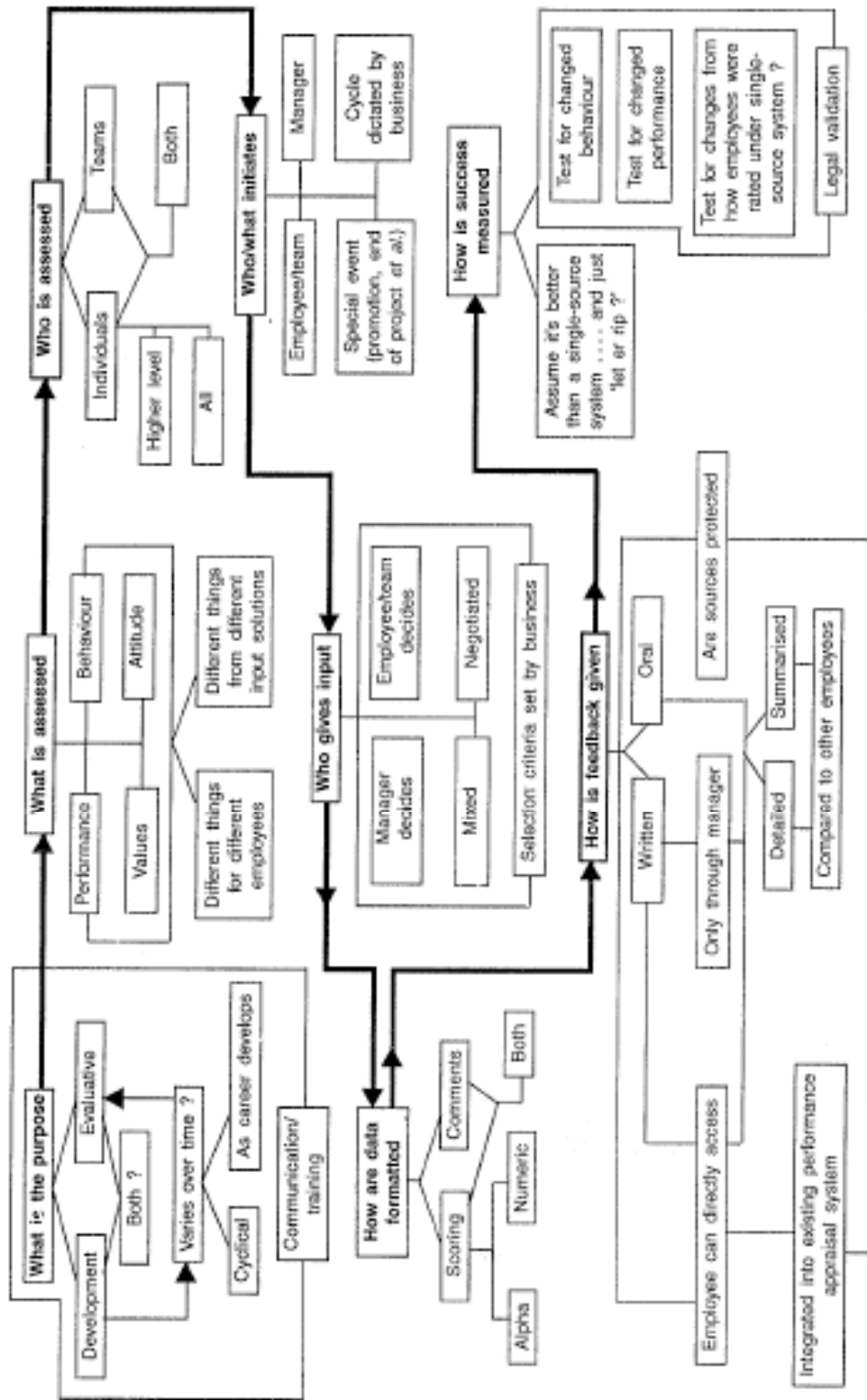
- Ignores performance in terms of reaching goals.
- Colleagues' responses tend to be biased.
- Assesses deny the truth of negative feedback.
- The system can be utilised to humiliate people.
- Linking findings to rewards can prove to be unfair.

The 360 degree appraisals are supposed to be more objective, suit flat structures, enable better planning of performance, encourage quality consciousness and are teamwork oriented and more participative. As a result of their advantages they have become more popular in the west. Their popularity is slowly spreading to the east as well. The 360 degree appraisals are not new to India and they are likely to work better as development tools in India. They do not yet suit Indian culture unless they are made voluntary and focused on development.

The mafatal experience which is similar to that of a few other organisations that have used this approach in the recent past indicates the following lessons :

- (a) Multisource (subordinate and peer appraisals) can be very useful in facilitating change and development at individual, team as well as organisational levels, if used with genuine desire to improve.
- (b) If a few members of the top management take interest in such upward appraisals and set an example, others are likely to volunteer.

360 DEGREE TECHNIQUE



- (c) Multisource appraisals are excellent instruments for diagnosing and initiating change at individual, team or departmental and organisational levels.
- (d) An open and non-threatening atmosphere is needed for using such multisource appraisals for development. It is useful and necessary to establish a supportive climate from the top management before such exercise is undertaken.
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