Chapter 4

HR Interventions in the Turnaround Process
The human resource aspects of the turnaround were one of the most significant components of the reform process. A series of carefully structured interactive workshops were conducted to discuss the change initiatives and sensitize the employees towards the implications of specific activities that caused loss of revenue of the plant. These initiatives helped in creating and sustaining an environment that generated a strong determination amongst the employees to put in all their efforts for accomplishment of higher levels of production by maximizing the volume of production, cutting down cost, minimizing waste and retaining market share of products through improved quality.

4.1 HR INTERVENTIONS DURING 2001-2004

RSP implemented two types of turnaround strategies. These strategies were operational and HR strategies. This chapter discusses in detail the HR interventions taken by RSP to turnaround from a loss-making to a profit-making organization (Choudhary et al., 2012). The HR interventions taken for the revival of RSP were spread over a period of three years. During 2001-02 the initiatives for turnaround and in the year 2002-04 various HR strategies were implemented. The CEO of RSP Dr. Sanak Mishra firmly believed that people were the most powerful force in taking an organization forward, even though the organization is highly technology dependent. Thus he designed a change intervention known as “Regenerating Strength with People”, which was involved around the transformation of the employees.

“Profit-related performance” was adopted as a simple strategy and the single most important objective of the Plant. This was reinforced repeatedly so that the message could be internalized by the employees and reflected in their efforts for the overall performance of the Plant. The employees had to understand one fundamental thing, that is, the most critical inputs for performance and progress had to come from internal actions by the employees’ themselves-mostly physical activities. It was to be deliberated to the employees that if Rourkela Steel Plant was to earn even positive
gross margin to start with, then physical performance was essential and there was absolutely no substitute for performance since the future of Rourkela Steel Plant depended upon internal physical actions. The Chief Executive set the programme in motion by setting the ten priorities and these were:

- Employee Motivation and Employee Pride
- Leadership Practice
- Environmental Relations and Organizational Change
- Plant Maintenance and Equipment Health
- Small Investment Schemes for Maintaining Current Operations
- Sustained Operation and Consistent Production
- Strengthening Secondary Streams of Cash Generation
- Operational and Purchase Cost reduction
- Sustaining the Benefits of Operation Vijay
- Enhancing Gross Margin and Net Sales Realization

This was followed by extensive efforts to disseminate the priorities to all concerned. To drive the implementation process, a Strategy Team and Crack Teams were also formed to look into specific issues.

The implementation of HR interventions was done through involving employees in sharing of concern, revenue and cash awareness and triggering closeness through sensitizing them to the situation wherein the survival and future of RSP was at stake. These all interventions were based on four pillars of turnaround viz. Communication, Samskar, Empowerment and Quality of life. The major HR interventions for bringing turnaround of RSP were as follows:

- Communication revolution
- Interactive workshops
- Samskar (Work Reforms)
- Leadership practices
- Tapping of young minds
- Creativity
• Union management relationship
• Rewards and recognition

All these HR interventions were based on the four pillars of turnaround. These pillars were Communication, Samskar, Empowerment and Quality of work life (Choudhary et al., 2012)88.

4.1.1 Communication Revolution

The sustained losses of previous years had led to a feeling of despondency, lack of pride and lack of confidence. Realizing that adversity facing the plant could only be countered with the involvement of all the employees in the revival of its fortune; the top management initiated a communication revolution in the plant. The earliest preparations for the transformation of Rourkela Steel Plant finds expression in the Managing Director’s novel initiative of moving out of his office to reach out to people by visiting employees on the shop floor, right at their place of work based on the axiom of the first pillar of turnaround i.e., communication. The purpose of these visits was to communicate the priorities before the organization while also understanding the needs of the employees. The employees were encouraged to speak about their contribution to the department’s performance, their hopes and aspirations. In a month and half or so, the Chief Executive had travelled across the length and breadth of the steel plant interacting individually with several hundred employees-something that no Chief Executive had ever attempted. The climate of cordiality and informality could magnetize the people towards the Leader and generated a strong sense of commitment among the employees to participate in the change process. At each shop floor, the common refrain was “Give us a challenge and see how we perform….Give us proper input material and we will give you production….Give us spares, we want to give you reliable equipment…..” In an overwhelming atmosphere, people listened to that one message of their Managing Director. “Everyone here must do what he or she is supposed to do. We can move forward only by carrying out internal actions by ourselves; no one from outside is going to do it for us. It is, therefore, important that each one of us must do what we promised to do and what is expected from us by our Plant.”
This built a general consensus that the whole collective needed to work together if the Plant was to build a future for itself. With these initial preparations, the next step was to conduct a series of carefully structured interactive workshops for implementing the change initiatives. These workshops were unique in their approach. These were not mere communication exercises. On the other hand, these were commitment centred exercises with the people who made production happen and who could interact with the top management with all their frankness in their eagerness to contribute in their area of work. Day by day, these workshops grew more vibrant and helped participation of each and every employee in the process of taking Rourkela Steel Plant forward. It was remarkable in corporate history that workshops were planned to cover the entire workforce numbering nearly 26000 employees. The following structured communication began at different levels and departments of employees:

- Mass Contact Exercise
- General Managers Communication Meeting (GMCM)
- Heads of Departments Communication Meeting (HODCM)
- Shift and Sessional Level Meetings

It was in this backdrop that Managing Director commenced an exercise that has never before been witnessed in corporate history anywhere in the world. It was just the evidence that he had expected considering his absolutely unambiguous belief in the power of employees to take an organization forward.

i. Mass Contact Exercise

As the financial year 2002-03 unfolded, Managing Director began a unique and unprecedented programme called the “Mass Contact Exercise”. This type of interaction was to synergize people towards taking upon stretched goals through a collective resolve. A series of Mass Contact Exercises were initiated commencing on 19th April 2002 with the periodicity of two workshops a week and subsequently once a week on Wednesday for 2 hours. The purpose of this massive interaction was to facilitate a convergence of around 500 employees in each workshop and generating discussions aimed at eliciting individual commitments for ensuring the “Survival and Future of RSP”. A few of these exercises were held even during the night shift duty hours.
between 11 pm and 1 am, which was a visible demonstration of the seriousness of purpose.

The sessions were steered by Managing Director along with Executive Director (Works). Each session began with MD’s opening remarks highlighting the issues and priorities critical to the survival and future of the Plant. He identified some of the main obstacles of RSP’s progress. The high interest and depreciation burden arising out of modernization which was getting compounded because of failure to achieve capacity utilization in modernization units and other units as well. Poor performance in techno-economic parameters, which had an influence on financial performance, low quality maintenance of equipments, which led to frequent breakdowns and thus low production, surprises like mal-operations, breakdowns and fires had become a major problem hindering the continuity of operations and there was increasing evidence of the agony of employees in such situations. He constantly emphasized that only these incidents separated RSP from success. He assured employees that once these were taken out of the way, no one could stop RSP’s march forward. But for this to happen, it was essential that all employees work together like the members of one family and help each other. He pointed out that it is not the MD or the ED (Works) who can solve problems. They can only show the direction and provide support. Each department or function has to work towards removing its problems one by one. He also pointed out that there were departments that had started doing well because they sat together and found out solutions to their problems. One of the simplest but most powerful messages of MD to each participant was “Remember, our future and the future of our family members depends fully on the future of Rourkela Steel Plant. If Rourkela Steel Plant does not have a future, then none of us sitting here or our family members has any future either.”

The employees were thereafter briefed through two presentations. The first presentation dwelt on the performance during the previous fiscal and the strategies adopted for achieving the growth plan for 2002-03. Comparison with the performance of sister plants was also made to set the benchmark.
The second presentation focused on the techno-economic factors and financial impact of actions such as shift change delays, losses per hour of production disruption for whatever reason, losses due to accidents and maloperations etc. Following the presentations, an interaction session was initiated by ED (Works) emphasizing the attention that was required to be given by the employees in the priority areas. Then the exercise was reaffirmed by collective commitment through a formal pledge adopted by the employees themselves which guided them to work together like the members of a family for the survival, future and growth of the plant.

ii. Mission Statement

The result was the formulation of the Mission Statement of the steel plant, which says: “the future of our steel plant lies in our own hands. It is our individual and collective responsibility to rebuild our plant into a profitable, harmonious and vibrant organization. We will do what things are necessary which are good for our plant. We shall never do anything that hurts our plant.”

One of the motivating factors in the Mass Contact Exercise was the leadership provided by Managing Director in each of these sessions. He was present all through, setting the tone right in the beginning, listening carefully to each employee who spoke and channelizing the suggestions of the employees to the Plant’s requirement of achieving profitability. It was thus possible to bring about a climate of trust and togetherness, which is essential for energizing an organization. Employees stood up to reinforce their identification with the plant. Many of them committed to go back and never do anything that will hurt the plant. Statements like “I am and will always remain indebted to RSP for my livelihood, for providing me bread and butter and for helping me raise my children,” came from one of the employees, and “Every hour, every minute and every second I shall try my best to do something good for the Plant…..” was how another employee put it in the Mass Contact Exercise. Many other employees spoke similarly indicating their love for Rourkela Steel Plant. Others reacted by declaring that this situation of poor performance cannot be allowed to continue and has to stop. Employees resolved that they would go back to the shop floor and do whatever is required to make the steel plant perform as its best. Grievances turned into suggestions,
blaming turned into introspection and there was an eagerness among employees to do those things that would show them in better light in the performance charts being highlighted in the presentations. Every employee could become aware of the challenges before RSP and the significance of his or her individual contribution. A unique feature of the Mass Contact Exercise was the reaffirmation of collective commitment through a formal pledge, which was adopted on the suggestion of the employees themselves. This pledge was, “we the employees of Rourkela steel plant commit ourselves to work together like the members of a family for the survival and future of our plant, and for its growth and prosperity.” What was more important is that the suggestions of employees for improvement were taken up for implementation by a system of follow up. In many cases the employees were called and spoken to for encouragement in what they were doing to bring in improvements. In this programme, which has no precedent in corporate history, 57 sessions were held during April 2002 to March 2003 where more than 18000 employees participated to reaffirm their commitment to the Survival and Future of Rourkela Steel Plant. The details of the programme are given in Table 4.1.

Table 4.1 Coverage of Mass Contact Exercises

<table>
<thead>
<tr>
<th>Year</th>
<th>Sessions</th>
<th>Number of employees covered</th>
<th>Total no. of employees*</th>
<th>% employees covered through mass contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>57</td>
<td>18958</td>
<td>25356</td>
<td>74.77</td>
</tr>
<tr>
<td>2003-04</td>
<td>50</td>
<td>20869</td>
<td>24262</td>
<td>86.01</td>
</tr>
<tr>
<td>2004-05</td>
<td>53</td>
<td>27717</td>
<td>23420</td>
<td>118.34</td>
</tr>
<tr>
<td>2005-06</td>
<td>52</td>
<td>27221</td>
<td>22644</td>
<td>120.21</td>
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<tr>
<td>2006-07</td>
<td>48</td>
<td>24658</td>
<td>21989</td>
<td>112.14</td>
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<tr>
<td>2007-08</td>
<td>48</td>
<td>24768</td>
<td>21393</td>
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<tr>
<td>2008-09</td>
<td>52</td>
<td>25541</td>
<td>20649</td>
<td>123.70</td>
</tr>
</tbody>
</table>

*Mean number of employees in April month of two consecutive years

The number of employees covered in the mass contact exercise was on an increasing trend every year. In the year 2002-03, 74.8% of employees were covered, whereas in
year 2003-04, 86.01% of employees were covered in the mass contact exercise. The numbers went up to 118.34% in the year 2004-05 and 120.21% in the year 2005-06 and likewise. This can be attributed to the fact that some of the employees attended more than one workshop in the mass contact exercise.

iii. General Managers Communication Meeting (GMCM)

By virtue of total employee involvement RSP was able to survive through its worst times and march towards achieving its goals. During the Mass Contact Exercises, employees always conveyed their urge to be a part of the planning and decision making process and placed highest importance to being told what needs to be done. Based on this, MD called upon the General Managers to take up another communication programme at the departments for the employees under their control.

This was the departmental level forum where the General Manager spent time communicating department targets and departmental plans to achieve targets and the kind of team effort required to achieve the targets indicating the specific role each one had to perform. These meetings were usually held once a week where a group of 25 non-executives from different sections (operation, maintenance etc.) participated. A presentation was made usually by one of the non-executive employees explaining the tasks before the department, performance against tasks, key areas of concern, preventive maintenance needs, safety and work practices issues. During the interaction, the employees were encouraged to exchange views and arrive at definite actions for bringing about improvements.

These GMCMs had become one of the most effective forums for discussion and agreement on the nature of co-operation and teamwork between sections and branches of a department in the common interest. At the end of the meeting, the employees felt more involved and charged up to improve performance. This forum laid the foundation for many innovative jobs undertaken in the departments which had a tremendous impact on the overall performance of the unit. It helped in improving the reliability of equipment, simplified operational process, built up unified teams at the shift level
which ultimately paved the way for record-breaking performance in production, reduction in maintenance cost etc.

iv. Head of Department Communication Meeting (HODCM)

The purpose of holding HODCM was to focus on the tasks and targets of departments, interdepartmental coordination and support system and physical activities to achieve them. These were held weekly or fortnightly.

v. Shifts and Sessional Level Meetings (SSLM)

Shifts and Sessional Level Meetings (SSLM) were held on all days to communicate and discuss daily targets and tasks. The personnel executives also interacted daily with the groups of employees on the shop floor to share information on production, safety, incentive and rewards and emphasizing on discipline, work culture and productivity related issues.

vi. Performance Improvement Workshops

These were directed at improving the performance of the key operation departments whose performance was critical to RSP’s ultimate Profitability. Production of high volumes of saleable steel depended on commensurate high volumes of Hot Metal (with the support of Coke Ovens, Ore Bedding & Blending Plant and Sinter Plant), conversion of the same to slabs through the continuous casting route at Steel Melting Shop I & II and then producing Plates (at Plate Mill) or Pipes, CRNO, CR Sheets / Coils, Galvanized Sheets or Tin Plates through Hot Strip Mill. These departments were identified for sustaining RSP’s efforts at improving its profitability.

The PIW for each of the identified departments was held and review of the same was also done for ensuring the results envisaged. The participants consisted of about 70 non-executives from the department being reviewed and 30 executives belonging to the department under review as well as allied and support service departments. For effective review, it was mandatory for representatives of departments like Personnel,
Finance and Materials Management etc. to send their representatives who would be in a position to make commitment regarding the service to be provided for achieving the results envisaged for the department.

Each meeting began with Managing Director himself making his opening remarks where the overall objective and thrust areas for the department were spelt out. A presentation would follow in each case outlining the targets adopted, the status of performance and plans for sustaining the level of operations to achieve the final target. These presentations contained all activities including shut-down plans, capital repairs, procurement of critical spares, preventive maintenance plans including additional support, if any, required by the department.

The presentation was followed by seeking the views of allied departments regarding the support they required for better performance. The employees also came forward with their suggestions for improvement and their commitment to the plan.

With this interfacing of employees directly connected to issues, a synergy of collective problem solving and larger-group-working emerged with a broad based ownership of tasks and targets. This helped the departments immensely in sustaining the significantly higher levels of production month after month.

**vii. Leadership Practice**

The most novel initiative of MD was the introduction of a programme called Leadership Practice. It was one of the ten priorities identified by MD in 2001 as an area of concern because there had been total absence of leadership throughout the Plant. As the Steel Plant was recovering from the brink of disaster through a movement involving employees it was essential that a system be put in place to keep the direction of change in line with long term objective of building and sustaining a Profitable, Harmonious and Vibrant Rourkela Steel Plant. The one certain method of doing this was to establish Leadership at every level in the organization. In order to channelize the latent potential of employees and convert their capabilities into more focused performance, it was imperative that the employees were provided with empowerment and enabled to
practice leadership at all levels. By way of inculcating this approach as a way of work life at RSP, MD conceived Samskar and articulated it as the most suited formula of work ethos for RSP.

Originally addressed to the shift-in-charges, it was later extended to Senior and Middle level Executives. Seeing its effectiveness, nonexecutive shift-in-charges were also added as participants.

Each session was of three hours duration with Managing Director himself as the lead faculty for a group of 40 participants. The session was structured in three parts:

- Inputs by MD on the concept of leadership as required in the specific context of RSP.
- Presentation by a team of executives on Production Plan and Production Mix for Profitability of RSP as well as five important dimensions of leadership relevant to RSP.
- Interaction session consisting of suggestion and commitment of the participants on discharging leadership role to meet challenges.

Explaining Leadership as a contextual concept, MD called upon the participants to understand the importance of developing leadership at RSP so as to make the Steel Plant a Profitable, Harmonious and Vibrant one. Through his own concept of the Materialistic and Metaphysical Powerhouses he opened up the possibilities to the participants to exploit their own latent strengths and abilities.

Through these sessions, a process of change was driven by identifying, supporting and nurturing everyday leaders who could provide long-term strength to the organization.

The FIVE dimensions of Leadership emphasized by MD were as given below:

- Leaders should create and sustain a peaceful work environment where every employee could contribute to the plant in assigned area of work, with full freedom and dignity and without fear.
• Leaders should empower the people who worked with them or followed them. Empowerment is the freedom to do what one is supposed to do. Empowerment is not the freedom to choose what to do.
• Leaders must be able to persuade people to attach the highest value to human life, and therefore, safety must be the most important consideration in all spheres of activity.
• Leaders should teach and guide people to treat the equipment and machinery with utmost care and maintain them to full potential.
• Leaders must convince people to work together like a family, keeping in mind the interests and goals of the steel plant in every activity.

In about 15 sessions held at the HRD Centre, more than 500 participants right from non-executive shift in-charges to the level of General Managers and Executive Directors participated (RSP reports)\textsuperscript{89}.

viii. Workshops for Sharing Concern

This was the vital process for survival. This exercise ensured that employees were updated with the financial results of the Plant and sensitized towards the implications of specific activities that caused loss of revenue / cash. The grass root level workers whose contributions had direct impact upon the performance of the Plant for revenue / cash earnings were targeted for this information sharing exercise. Each workshop covered a cross-section of about 100 key workers from a major process department or zone of departments. The participants belonged to core operation and maintenance activities of a department besides persons from allied service departments and support functions like Materials, Personnel and Finance etc. While workers constituted 70% of the participants, others included executives involved in monitoring the jobs and allied departments. Senior executives from the concerned zones also participated in the workshops. The managing director himself was present in each and every workshop to extend guidance and support.
In each workshop, a detailed presentation was made on the revenue / cash aspects relating to the Plant and shop-specific parameters. Besides highlighting the relevant data on the financial results of the Plant (Gross Margin, Cash Profit and Loss etc.), insight was also provided into the monetary loss involved in techno-economic factors, lower Net Sales Realization for the specific products, shortfalls of performance in individual shops such as delay in production, downtime and other adverse trends in various related indices of performance. During the interactions after the presentation, participants were encouraged to come forward and suggest improvements in their areas of working, by their own actions, for arresting revenue and cash loss. The deliberations in these workshops can be summarized as given in the model below:

![Figure 4.1 Deliberations in the Workshop](image-url)
a) Internal Customer-Supplier Workshops

This was another unique exercise to bring together inter-related departments on a single platform. The purpose was to bring about better inter-departmental co-ordination and sort out various internal customer problems. Here the employees of a particular department discussed their requirements with their up-stream and lateral supplier departments and explored solutions for implementation to fulfill the department’s targets and priorities. For example, a customer-supplier exchange of views was arranged between Blast Furnaces with employee groups from supplier departments like Coke Ovens, Sinter Plant, Ore Bedding & Blending Plant for emphasizing the importance of the right quality, quantity and timely supply of Coke, Sinter, sized Ore etc. Similar interface was organized in the finishing mills area for the Silicon Steel Mill with its supplier departments like Hot Strip Mill & Roll Shop. This type of intervention helped in providing a common platform for the inter-departmental agencies to mutually appreciate each other’s requirements and constraints. The priorities were to be addressed not by compartmentalized groups but rather by cohesive teams sharing the vision of the total Plant as a whole.

b) Issue-Focused Participative Workshops

Surprises like mal-operations, breakdowns and fires had become a major problem hindering the continuity of operations and there was increasing evidence of the agony of employees in such situations. To overcome these stumbling blocks, specific issue-focused interactions were also initiated and a new pattern was adopted in these interactions. For instance, the common issue of mal-operation in equipment/machines was taken up and a workshop was first arranged for focusing the particular issue before a combined group of participants from different individual departments, which had sustained dislocations due to critical incidents of mal-operation. Specific case studies of mal-operation were presented by the affected groups themselves, and deliberations were held to analyze the underlying causes and identify preventive measures. The learning points from the critical incidents were shared for pre-empting similar dislocations in future. A series of subsequent rounds of interactions were launched at departmental venues, in which incidents of mal-operation relating to the particular
shops was analyzed by the concerned operating groups. Besides enabling employees to take necessary precautions for improving their operational efficiency, these interactions could also strengthen their sense of ownership and accountability for performance.

c) Special Problem Solving Workshops

Special problem solving workshops were organized to focus on various issues that were critical to the Plant’s performance. Burning issues such as inconsistency in the supply of 100% screened ore from Ore Bedding and Blending Plant (OBBP) to Blast Furnaces, reorganizing maintenance support to production units by Centralized Maintenance Departments, increasing converter lining life, or the issue of loading of HR Coils etc. were effectively addressed in these multi-disciplinary forums. Moreover, the interfacing of employees directly connected to the critical issue created a feeling of importance of different departments and their contribution to total performance. The synergy of collective problem solving stimulated by the interactions could be seen to give results, which hitherto could not have been imagined.

ix. Bringing Closeness

These different interactive workshops ultimately had one aim. Managing Director put it in a powerful communication: “The future of our steel plant lies entirely in our own hands, that is, in the hands of nearly 24000 employees of Rourkela Steel Plant. If the steel plant does not have a future, then none of us here including our family members have any future either. We therefore, have to work together like the members of one family- the RSP family- to take the steel plant forward.”

The aim was to create an ambience that would generate an urge among the employees to work together and realize the pleasure of working together. This aim was fulfilled to a large extent and this helped in reducing the distance between the minds of employees, by bringing them together on a single platform with the common goal of taking Rourkela Steel Plant forward in other words, “bringing closeness” among employees.
4.1.2 Samskar

The second pillar of RSP’s turnaround was the Samskar theme founded by the MD himself. This was the actual source to which the other initiatives ultimately connected. Samskar was the reformation programme which inspired a positive spirit among the workers and directed them towards their responsibility. Samskar was a pledge which said: "We have to build and sustain a peaceful work environment where every employee could contribute to the plant in their assigned area of work with full freedom and dignity and without fear."

The concept of Samskar imbibed from Vedic philosophy was introduced by the MD himself in 2003-2004 as an extension of mass contact exercise.

i) Employee Driven Reforms

With the introduction of Samskar by the Managing Director employees suddenly began to come up in a bigger way with suggestions, which reflected a paradigm shift. There was an urge among the employees in general to build on the Samskar concept to transform the work ambience inside the works. It became obvious in the course of the Mass Contact meetings that employees did not like the huge amount of money being lost by the steel plant due to the various work practices occurring due to the prevailing work culture. Employees pointed out to Managing Director that the people who did not have work to do were the ones who gathered in front of gates to leave early. Then there were others who did not have any stake in a department not belonged to the department and would come and cause work stoppages. Employees went to the extent of even pointing out that the existing system of time offices caused a delay to workers in reaching their duty spots for which shift change delay was built into the system of working. This new found identity of the workers in the Mass Contact Exercise set everybody thinking and had a profound influence on Managing Director who had these points examined by Task Forces consisting of young Executives who looked into these issues. The issues included work culture, shift change delay, entry and exit of non-employees, welfare facilities, housekeeping and safety etc. which led to some of the most unprecedented reforms in the Steel Plant’s history.
ii) Direct Reporting System

It was one of the first to be introduced by which the employees were spared the onerous job of going to a Time Office where they had to line up in a queue for collecting their tokens having a number which was the identity of the worker. It was only after collecting the token that they could report to the shift in-charge for performing their duty. This system was done away with from 1st September 2003, and employees began to report directly to the shift in-charge. The new system was implemented smoothly, although with a little planning. The system of reporting directly at the work place empowered each shift in charge to manage his group more effectively. The employees too, felt a sense of dignity that they were identified by name and not by a number appearing on a token which they left behind in the Time Office. This system also helped in reducing shift change delay in many departments and in making more man-hours available for work.

iii) Gate Pass for Contract Labourers and Others

This was another issue that came up frequently in connection with the presence of undesirable persons on the shop floor. In tune with the credo of *Samskar*, which aims at creating and sustaining a peaceful work environment and in line with the feelings of large cross-sections of workers, it was decided to streamline the gate pass system for contract labourers and business related personnel. While the new system envisaged that only one agency (Contract Labour Cell) dealt with the issue of gate pass for contract labourers and visitors, steps were taken to prevent persons involved in criminal cases/investigations from entering the steel plant.

iv) Redeployment

This was another matter, which the employees had spoken about. There were areas where there was not enough job and the employees felt demoralized as they did not have any scope to use their skills but also were deprived of the earnings that achievement of targets could bring form them. The areas from where redeployment has taken place were CPP-II (which was divested) and other areas where operations had
been scaled down like SMS-I, Fertilizer Plant and Foundries. The most gratifying aspects were the willing acceptance of both the redeployed employees and the existing employees of the departments of their posting.

v) Improvement in Welfare Facilities

This became a priority for the Managing Director as part of Samskar, which embraced every aspect of plant working. This resulted in a transformation of welfare facilities like canteens which had been whitewashed for cleanliness and had adopted cooking gas for food preparation throughout the plant. Toilets and urinals had been revamped and provided with quality fittings and accessories for employee convenience. Large tracts of the steel plant’s nearly 50 km of roads had received either concrete tops or mechanized carpeting and the remaining portion were being taken up. Housekeeping was another area, which every department had taken up keeping in view the steel plant’s commitment to the value of human life. For the first time, a massive tree plantation inside the works area was launched by Managing Director to enable employees to work in harmony with nature. The enthusiastic employees responded to this initiative of the Leader by developing gardens in individual departments, which employees themselves maintained. There was tough competition for winning annual prizes for the best and second best departments for greenery and cleanliness.

It was due to the special thrust focused on the mindset-areas in HR systems and practices and the bold initiatives of Managing Director that these reforms could be accomplished (Mohanty and Mishra, 2008)\textsuperscript{90}.

vi) Tapping of Young Minds

A new initiative was taken up by the top management to pick the young minds for bringing freshness to the reform process. Groups of young employees were brought together in multi-disciplinary Taskforces to address old, intractable issues and fresh ideas in order to infuse energy and innovation into the problem solving process. These taskforces were assigned to formulate strategies and policies in many issues, such as:

- House keeping
• Shift change delay
• Safety of employees
• Work culture
• Welfare facilities
• Planning process
• Maintenance philosophy
• Future shape of RSP

The recommendations of these taskforces were mostly implemented and many of the old "bleeding" issues were satisfactorily addressed which unleashed a process of self-esteem and self-discovery. Some noticeable benefits were:

• Culture of closeness developed among people and distance between minds reduced.
• Involvement of people and individual commitments leading to physical performance of the plant.
• Enthusiasm of employees to break previous records had become a practice.
• Impact on production, enhancement of capacity utilization, increase in sales volume, and cost reduction.
• The vibrancy of plant was reflected in the social and cultural life of Rourkela - a virtual Renaissance taking place.

As a part of continual improvement, 7 new projects were launched to enhance the profitability of RSP.
1. Project Dhanalaxmi: In this project, the priority was on production of 6000 tonnes hot metal daily.
2. Project Viswakarma: This project focused on preventive maintenance and housekeeping.
3. Project Raksha Kavach: This was aimed at accomplishing employee and equipment safety.
4. Project Prakruti: The focus was on improvement in the environment and relentless effort for a clean, green plant and township.
5. Project *Saraswati*: The aim of this project was to facilitate academic excellence in the educational institutions run by RSP.

6. Project *Samskriti*: This project was initiated for nurturing budding talents in the field of fine arts.

7. Project *Dronacharya*: The purpose of this was to enhance sports facilities in the city.

All of these projects were led by the task forces consisting of top management officials and reviewed by the MD for evaluating the effectiveness of carrying out these projects.

**vii) Safety: The Foremost Consideration**

As a part of establishing *Samskar* in every aspect of its functioning, following measures were taken to prioritize safety in the functioning of plant:

a) One Central and 9 zonal safety committees were formed for reviewing safety measures in the plant every month.

b) Entry of workers into plant without helmet was prohibited.

c) Special training was provided for absorbed contract labour.

d) All employees were given a free supply of branded safety shoes upon return of old shoes.

**4.1.3 EMPOWERMENT**

The HR interventions based on the third pillar of the turnaround i.e., empowerment were creativity and better union management relationship.

i) Creativity

Ample opportunities and avenues were given for the employees to take up the initiative and express their individual and team capabilities. There were two programmes namely “Shop Improvement Group” and “Srujani”. 
Shop Improvement Group was a well-established system where small groups of employees used to take up projects for bringing improvement in their area of work. These projects not only resulted in cost-saving for the organization but also helped the employees to harness their creativity and realize their potential.

“Srujani” was a suggestion scheme of RSP, and the purpose of initiating it was to elicit the suggestions or ideas of employees for betterment of the organization. Suggestions which were given by the employees, if found feasible were then implemented by RSP. Apart from the satisfaction and happiness of seeing their ideas being implemented, the employees also got an opportunity to win cash awards or token awards for their efforts. Every year, one Srujani gold medal, and five Srujani silver medals were awarded to the employees for their outstanding contributions to "Srujani" by the MD during the Independence Day celebration.

Table 4.2 Overall Performance of ‘Srujani’

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total manpower</td>
<td>26784</td>
<td>25356</td>
<td>24262</td>
<td>23420</td>
<td>22644</td>
</tr>
<tr>
<td>Total no. of suggestions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received</td>
<td>3310</td>
<td>2973</td>
<td>4054</td>
<td>5297</td>
<td>6838</td>
</tr>
<tr>
<td>Awarded</td>
<td>771</td>
<td>1196</td>
<td>1758</td>
<td>3141</td>
<td>3578</td>
</tr>
<tr>
<td>Implemented</td>
<td>779</td>
<td>550</td>
<td>783</td>
<td>1504</td>
<td>1787</td>
</tr>
<tr>
<td>Amount distributed (Rs. In lakhs)</td>
<td>.93</td>
<td>1.13</td>
<td>1.56</td>
<td>3.03</td>
<td>3.71</td>
</tr>
<tr>
<td>Savings accrued (Rs. In crores)</td>
<td>One time</td>
<td>2.01</td>
<td>3.72</td>
<td>2.66</td>
<td>1.40</td>
</tr>
<tr>
<td></td>
<td>Recurring</td>
<td>2.09</td>
<td>3.88</td>
<td>2.87</td>
<td>9.07</td>
</tr>
<tr>
<td>Source: RSP-Regenerating Strength with People, published by HRD dept. of RSP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It can be inferred from the table that the total manpower was in the decreasing trend from the year 2001 to 2004. The number of suggestions received in the Srujani programme increased from 3310 in the year 2001 to 4054 in the year 2004 (RSP,
This shows an encouraging trend in the motivation level of employees where they think for the betterment of the functioning of their departments. The total one time savings accrued was Rs. 2.09 crores in the year 2001, Rs. 3.88 crores in the year 2002, Rs. 2.87 in the year 2003 and the highest savings was Rs. 9.07 crores in the year 2004.

ii) Union-Management Relationship

The Rourkela Steel Plant under the leadership of the then MD Dr. Sanak Mishra carved a new Industrial Relation Policy unlike traditional Union-Management Relationship. He insisted that a quality union was essential for overall development of the plant. The union, at that time, was very violent. They were not cooperative with the management for organizational effectiveness. They only looked for their vested interest. The recognized union frequently resorted to strike leading to work stoppage and loss of production, but the need of the hour was increase in volume of production. The frequent strikes and work-stoppage were a handicap for the plant. The management could understand that to ensure uninterrupted production, the union needed to be bypassed and simultaneously the employees at large were to be taken into confidence. So the management of RSP followed the strategy of 'Reaching Out to the People' directly. All joined like, DPC, DSC, etc which consisted of only members of recognized union and were substituted with DCC, CCC, etc. which covered the cross section of employees. The benefits extended to recognized unions were withdrawn. The employees were explained about the loss sustained by the plant in general and the employees as a whole in case of work stoppage. The concept of 'Opinion Leaders' was adopted. On the whole, the employees as a whole, and not union leader, were brought into the limelight. All these steps led to decrease in number of strikes taking place at RSP.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Strikes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>3</td>
</tr>
<tr>
<td>2000-01</td>
<td>1</td>
</tr>
<tr>
<td>2001-02</td>
<td>2</td>
</tr>
<tr>
<td>2002-03</td>
<td>5</td>
</tr>
</tbody>
</table>
Side by side, the government machineries were also geared up to extend their support for uninterrupted production. The statistics of the work stoppages prior to 2001 and after 2001 is given in table 4.4.

**Table 4.4 Loss of Man days and Production**

<table>
<thead>
<tr>
<th>Work Stoppage</th>
<th>Loss of Man days</th>
<th>Loss of Production (in tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-2001</td>
<td>10210</td>
<td>200000</td>
</tr>
<tr>
<td>2001-2006</td>
<td>315</td>
<td>2000</td>
</tr>
</tbody>
</table>

Source: Official documents of RSP

It can be inferred from the table that there was 96.91% reduction in loss of man days in the period 2001-2002 as compared to the period 1997-2001 and 99% reduction in loss of production from due to initiation of HR interventions.

### 4.1.4 Quality of Life of Employees

#### i) Reward and Recognition

The top management firmly believed that it is the people who, more than technology, finance or materials, can move the organization forward and bring in the changes that were required to prepare the plant to meet the emerging requirements and challenges in the stiff competitive environment. As a result of this, various reward schemes for
production, achievement of techno-economic parameters, cost reduction, quality and safety, were introduced. These were as given below:

a) Adhoc Additional Motivational Monthly Scheme (AAMRS)

This scheme was popularly called the 100 plus scheme. This was aimed at capacity utilization. Since 2002, the steel market showed a positive trend and there started heavy demand for steel products. Under the given situation, the volume of production played an important role for making profit. It was seen that most of the units were operating much below their rated capacity. To tap the market and make profit it was essential that the finishing units of RSP produced at their rated capacity or more. So this scheme was introduced in 2003 to motivate the employees to produce more. The rated capacity of all major units was fixed.

Each employee of a particular department was paid Rs.100 for producing at the rate of its rated capacity and an additional Rs.50 for each additional 2% rise above rated capacity as can be seen in (Table 4.5)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Items</th>
<th>Rs/employee/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>For achievement of rated capacity</td>
<td>100</td>
</tr>
<tr>
<td>2.</td>
<td>For every 2% rise above rated capacity</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: RSP-Regenerating Strength with People, published by HRD dept. of RSP

As a result of this, there was a considerable rise in the production. The units which were producing below 70% of capacity started producing more than 85%. Even some units like Plate Mill, Hot Strip Mill and Pipe Plants consistently produced more than 100%. The products of these units were of high value items and it gave a good Net Sales Realization (NSR).
b) Adhoc Motivational Monthly Scheme for Techno Economic Parameters (AEMS)

The quality was an important factor for profit apart from production. The product quality of RSP was not so good to attract and sustain the customers. So, to tap the customer and realize the profit it was necessary that there was quality production and therefore this scheme was introduced in 2004. Under this scheme the major departments were given a target to maintain the techno-economic norms and if that was achieved it would not only enhance the quality of product but also reduce the cost. The employees were given monetary incentive if that concerned department achieved the norm.

The norms were of three categories and the incentive was paid based on factor corresponding to the amount. Each factor had a detailed target. The norms and amount of incentives are given in Table 4.6.

<table>
<thead>
<tr>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>150</td>
<td>200</td>
</tr>
</tbody>
</table>

Source: RSP-Regenerating Strength with People, published by HRD dept. of RSP

c) Adhoc Motivational Monthly Scheme for Energy Conservation

The energy consumption constituted an important factor for cost. The more the consumption, more was the cost and hence less profit. The energy consumption of RSP was the highest in SAIL. It was felt that for RSP’s profitability the consumption of energy was to be reduced and for reduction of energy consumption, this scheme was introduced in 2005. The objective of this scheme was to encourage and motivate the employees for reducing energy consumption per ton of crude steel in any calendar month. The scheme and quantum of money payable to employees are given in Table 4.7.
Table 4.7 Rate of Adhoc Motivational Monthly Scheme for Energy Conservation

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Average Energy Consumption (GCAL / TCS)/ Month</th>
<th>Annual Employee / Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than or equal to 8.65 but more than 8.55</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Less than or equal to 8.55 but more than 8.45</td>
<td>200</td>
</tr>
<tr>
<td>3</td>
<td>Less than or equal to 8.45 but more than 8.35</td>
<td>300</td>
</tr>
<tr>
<td>4</td>
<td>Less than or equal to 8.35</td>
<td>400</td>
</tr>
</tbody>
</table>

Source: RSP-Regenerating Strength with People, published by HRD dept. of RSP

d) Adhoc Motivational Monthly Scheme for Stock Reduction

This scheme was introduced in 2004. The objective of this scheme was to reduce the inventory cost of the finished material. The quantum of money payable to each employee is given in Table 4.8.

Table 4.8 Rate of Adhoc Motivational Monthly Scheme for Stock Reduction

<table>
<thead>
<tr>
<th>Monthly Payable (Rs/Factor/Month)</th>
<th>Stock Level – I</th>
<th>Stock Level – II</th>
<th>Stock Level- III</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100</td>
<td>150</td>
<td>200</td>
</tr>
</tbody>
</table>

e) Production Incentive Scheme

There is a well-knit production related incentive scheme in RSP. Every department has a production target and the amount is attached to various levels of potential. Based on the production level, each employee is given monetary incentive on a monthly basis. In order to motivate the employees to produce more, the potential level was increased and also the quantum of amount was also enhanced. This also boosted the production.
f) Quality Based Motivation Schemes (QBMS)

Besides production, quality was also given a thrust. It was seen that there was a good amount of rejection of the produced materials due to poor quality. Apart from streamlining the process, the employees were also rewarded for producing quality products. This scheme was also monthly.

ii) Cost Based Motivation Schemes (CBMS)

In order to reduce the cost, this scheme was launched to motivate the employees to optimize the cost. Based on the percentage of cost reduction of each finished material, the employee was given a monthly incentive. This scheme went a long way in the reduction of production cost which helped in customer satisfaction. Besides the above financial incentive for better production, both in quality and quantity and cost, RSP management also introduced many non-financial recognition schemes. These are as given below:

a) Zero Accident Recognition Scheme

Prior to 2002 the accident inside the plant was alarming. The accidents were not only leading to stoppage of production but also increasing employees' dissatisfaction and industrial conflict. On an average there was a production loss of more than Rs. 10 crores per year due to accidents inside the plant. It was felt necessary to reduce accidents and hence this scheme was launched in 2004. Under this scheme the employees of one department were given a community lunch for nil accidents in a month. As a result of this scheme the rate of accidents was reduced from 15% to 1%.

b) Best Shift in Charge Award

In order to empower the frontline shift in charge who was primarily responsible for production, this recognition scheme was introduced in 2004. Based on the individual performance, 3 to 4 employees from every department were felicitated with this award by the Managing Director of the company. This award was given once in a year. This
went a long way in boosting the frontline supervisors to maintain the high production tempo, which was the need of the hour.

4.1.5 ACHIEVEMENTS

Through these efforts, RSP was able to end the fiscal 2003-04 on a very satisfying note. The performance in major areas continued its growth momentum. RSP had once again started the year with the strategy of maximizing production volumes with emphasis on capacity utilization to bring down operating costs. At the same time, the focus was on maximizing revenue earnings by concentrating more on the production of value added items from its wide range of finished products and increase despatches while bringing down finished steel stocks, thereby improving its profitability. That the strategy worked was obvious. The turnover during this fiscal grew by about 20% (RSP 2005)\textsuperscript{91}.

Production level of major items continued to grow for the third year in succession. Production of Total Sinter at 2.62 MT, Hot Metal at 1.72 MT, Total Continuous Cast Slabs at 1.57 MT and Saleable Steel at 1.57 MT was clearly ahead of all earlier performance levels. Saleable Steel dispatches at 1.59 MT was higher by 5% over the previous year and stock holding at the Plant dropped to below five days production. Sale of RSP’s products grew by 4% over the previous year. The most heartening achievement was that all the modernized units operated at 100% capacity utilization for months together (RSP 2005)\textsuperscript{92}.

RSP concentrated on increasing the production of high value products like Plate Mill Plates, Galvanized Sheets, Silicon Steel (CRNO), Tin Plates, ERW Pipes and SW Pipes. The growing acceptability of these value added products in the market is borne out by the increased production and dispatches of these products as compared to last year viz. Plate Mill Plates (24%), Galvanized Sheets (3.4%), Silicon Steel (10.3%), Tin Plates (4%), ERW Pipes (18.4%), and SW Pipes (92%). It is also noteworthy that RSP continued its foray into the export market and fulfilled its commitment for supply of Plates, HR coils and Silicon Steel.
While the buoyancy in economic activities enabled RSP to reach record levels of turnover, production and sales, the thrust on improving operating efficiency also yielded significant results. Overall, energy consumption during the financial year dropped by 1.8% at 8.72 Gcal/TCS. Power generation in RSP’s captive power plant at 44.15 MW has been the best in the last 18 (eighteen) years. Certain jobs were taken up and completed successfully for the first time. These have resulted in improved plant operations viz., major mixed gas line repair undertaken in the Booster House of Coal Chemicals Department; use of base mix in Sinter Plant-I and consequent improvement in sinter quality and productivity; stack lining repair of Blast Furnace-4 by lowering the burden and subsequent revival of the furnace in three days; in –house development of vessel and charging of LD converter in a record time of 22 days in Steel Melting Shop-I; and a 65% increase in LD gas recovery. While maintenance costs dropped by over 8%, the turnover for Captive Engineering Shops grew by over 19%.

The most important and satisfying achievement was that RSP was able to sustain cash profit throughout the financial year 2003-04 and was in fact able to bring up operations to net profit mode during the last quarter i.e. during January-March 2004. In subsequent months the steel plant has been able to sustain Net Profit without interruption, going on to register a record Net Profit of Rs.252 crores for the period April-September 2004 which is higher than the annual profit earned by RSP during any financial year since the inception of the Plant (Figure 4.2).

![Figure 4.2 Profit and Loss of RSP During and After Turnaround](image-url)
Figure 4.2 highlights profit and loss (Rs. in crores) of RSP in the post turnaround period. Up to the year 2003-04, it reported huge losses, whereas from the year 2004-05 onwards, the figures (Rs. in crores) increased remarkably and this was possible only because of the effective implementation of HR interventions in the turnaround process and the enduring efforts of management.

To sustain the outcomes of the turnaround, all the strategic interventions successfully implemented during 2001-2004 were continued with a few more initiatives for the next four years (2005-2008). The multiplier effect of such novel interventions were also felt in due course. An attempt is made under this research to understand the nature of impact of such initiatives during the period 2005-2008 details of which are presented in the next chapter.