Chapter-3

Strategic HRM in manufacturing unit-

Deepak Fertilisers and Petrochemicals Ltd - case analysis.

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3.1 General Observations

Chapter overview:
This Chapter covers the profile of Deepak fertilizers and Petrochemicals, business concerns, general observations and current HR processes at Deepak fertilizers and Petrochemicals. This chapter also gives an introduction to the various OD interventions including the theoretical definitions of each OD intervention/HR process as well as the HR processes carried out in DFPCL during the research period. It covers various HR subsystems along with their definitions and significance. It also reflects the current stage of each of these HR subsystems. The current stage also highlights the improvement in the HR practices over the years in the organization and the alignment of these HR practices to the organizational strategy.

3.1.1: Business concerns for the present and future: Highlights:

**Indian Chemical and Fertilizer Industry**

Background:
According to the Department of Chemical and Petrochemicals, Government of India, the chemical industry in India is well established, and has been among the faster growing segments of Indian industry. India is today, the third largest producer and consumer of fertilizers in the world. Most fertilizer companies have either chemicals or pesticides which complements their main fertilizer. The requirement of gas in India is expected to grow at a CAGR of 9% to 169 MCM by 2010. Fertilizer industry takes 26% of the total gas available.

**Deepak Fertilisers And Petrochemicals Corporation Limited**
The Deepak Group of industries was born in 1970 when the current Chairman- Mr. C. K. Mehta set up Deepak Nitrite Ltd. In 1983, Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) started commercial production of ammonia (in technical collaboration with Fish International Engineers (USA) using natural gas as feedstock. DFPCL is a very small player in NPK fertilizer segment and a very strong player in chemicals( AN, Methanol & Nitric Acid) segment.
To share the vision of Mr. Sailesh C. Mehta, Vice Chairman & Managing Director:

"The Company's end customer segments of Pharma, Speciality Chemicals and Mining lent a significant reduction on dependence in the fertilizer segment. The future growth strategy will be driven by non-regulated products. The captive power plant is expected to commission by September, 2004 this will help in substantial reduction in energy cost in the current year."

DFPCL's business can be broadly categorized into the following divisions:

- **Industrial Chemicals-**
  This division of DFPCL manufactures Methanol, various grades of Nitric Acid, liquid Carbon dioxide and Ammonia. DFPCL is one of the largest producers of Methanol in India (sales: 150 crore), which in turn is used to manufacture drugs, pharmaceuticals, DMT, pesticides, methylamines, formaldehyde, etc. DFPCL is also one of the largest manufactures various concentrations of Nitric Acid. The industrial chemicals division caters to a cross-section of industrial customers, both small and large. These include all the major companies in pharmaceuticals, DMT, pesticides, resins, textiles, fertilizers, rubber, petrochemicals, fibers and polyester sectors. The presence of two shift loading facility and storage facilities at Taloja, Mumbai and Vishakhapatnam ports allow for offering a quick turnaround time to the customers. The company undertook major expansion and diversification in 1989 to achieve forward integration of ammonia and diversification in Methanol.

- **Ammonium Nitrate-**
  The explosives division manufactures Low Density Ammonium Nitrate, which is used for making Ammonium Nitrate-fuel oil (ANFO), blasting agents and also emulsified ANFO (HANFO). DFPCL is the largest manufacturer of ammonium nitrate in India and the only one making prilled Ammonium Nitrate (AN). Achieving international quality standards, the company has started exporting to the Middle East and South East Asian Countries. DFPCL has changed the way ammonium nitrate (AN) is sold. While it was...
earlier treated as a commodity, it is now treated as a specialized product. DFPCL is seeking to strengthen its position in this industry segment by increasing its production capacity. The manufacturing locations for this division include Taloja, Srikakulam and Katalwada.

- Agri-Inputs/ Fertilizer Marketing-
  DFPCL has an installed capacity of 230,000 MT per year for Nitro Phosphate in India with at Taloja near Mumbai. Deepak manufactures 23:23:0 prilled Nitro Phosphate fertilizer containing nitrogen in, nitrate and ammonia forms as well as very high water soluble phosphates. They also trade fertilizers, but all of the fertilizers are sold under the brand name "MAHADHAN", which has become one of the best known brands in the relevant sphere of influence. The products of the Fertilizer Marketing include Mahadhan Power, Ammonium Sulphate, Bhoodhan, SSP, DAP (Mahadhan Chetak), and MOP (Mahadhan Potash). The marketing focus is primarily in the states of Maharashtra, Andhra Pradesh, Karnataka, Gujarat, Madhya Pradesh, Uttar Pradesh, West Bengal, Punjab, & Haryana. Moving from fertilizers to being a complete provider of nutrients to the Indian farmer, its Mahadhan Saarrthie Centres reach out to nearly 5000 farmers across Western India. The Mahadhan and Bhoodhan brands are among the best known fertilizers in the country. DFPCL markets its products through a network of over 1000 dealers.

- ISOPROPYL ALCOHOL (IPA)
  The plant of 70,000 metric tonnes per annum (MTPA) capacity to manufacture ISOPROPYL ALCOHOL (IPA) is set up at the company’s existing manufacturing facility at Taloja. The total capital outlay for this project is around Rs. 204 crore. IPA is a 100% import substitute product. IPA project is the only production facility in the country, and at full capacity would meet entire domestic demand replacing imports. It uses world renowned BP technology and would meet the stringent quality needs of our highly discerning customers in the various sectors such as pharmacy, agrochem, imaging chemicals, paints etc. Marketing and distribution of IPA will be highly synergistic with our existing product -- Methanol.

- Global Specialty mall:
The company’s new venture into services arena with a Global Specialty Mall christened as “ISHANYA with an outlay of 150 crores. Located at Pune spread across 550,000 sq ft built-up area it would be showcasing over 52 product and service categories for homes, offices and commercial establishment. Figure 14 below provides a snapshot of the DFPCL’s lines of Business.

Social Responsibilities
The Deepak Group has been contributing towards social causes for nearly two decades. The Deepak charitable Trust (DCT) and the Deepak Medical Foundation (DMF) with the support of DFPCL and Deepak Nitrite Limited are carrying on development activities for society. DCT has been actively working in the area of mother and childcare. Through an integrated network of women health workers the foundation has been imparting training and communication on health care. The Foundation is now working to curtail the spread of HIV / AIDS.

DFPCL takes an active interest in environmental protection. In addition to regulatory requirements of the State Pollution Boards and Federation of Indian Industries, care is taken to reduce pollution by incorporation of appropriate effluent handling
disposal systems, plants monitor solid, semisolid and gaseous affluent discharges to ensure that they are within allowable limits. DFPCL also helps other small industries as well as customers in solving their environment-related problems.

**Future Prospects of DFPCL:**
DFPCL will continue to make deeper inroads into value-added chemicals, agro inputs and related services.

- DFPCL plans to leverage its well-knit marketing and distribution network in chemicals and fertilizer industry to provide value-added services to their customers for sourcing raw materials and assisting them in exporting their products. The chemical storage and drumming facilities at Jawaharlal Nehru Port (JNPT) near Bombay will provide further value-added services.
- Deeper in-roads into agro-inputs and services markets are on the drawing board, including the MAHADHAN Agriculture Research Centre (MARC), which will serve to partner with farmers, providing education, training and ensuring that they achieve the best performance
- Dreams of visionary minds and planned strategy by professional managers will give shape to an emerging, exciting future at DFPCL.

**VISION STATEMENT:**
(Vision workshop conducted in 1997 by Eicher Consultancy Services Ltd.)

The vision statement of DFPCL in 1997 read as follows:
- We, in Deepak, believe that the customer is the very purpose of our existence.
- We are a committed, hardworking and disciplined team, working towards the satisfaction of all our stakeholders.
- We are a caring organization working to continuously improve employee satisfaction.
- We work as a team to achieve quality and excellence in all our activities leading to continuous growth.
- We take pride in the quality of the job we do.
• We will create a learning organization committed to continuous improvements to be better than the best.
• We are proud to be part of Deepak.

Corporate strategy:
A serious attempt to define the corporate strategy was made only in 2004 when the SHRM processes were to be implemented in DFPCL.
The corporate strategy of DFPCL in the year 2004 read as follows:
• Reduce dependence on Government regulated products.
• Thrust will be on chemical businesses.
• Will not be a mega player in regulated fertilizers but we will continue the fertilizers businesses with selected deregulated/ niche/ value added products.

Employee background:
• There were 1100 employees -which included the technical staff as well as the blue collar employees at the factory.
• Out of the 1100 employees 299 were Technical Graduates, 85 were Non Technical degree holders, 44 employees were technical post graduates, 16 employees were non technical Post Graduates and 81 employees were professional degree holders.
• Top management team of DFPCL consisted of graduates from the top B Schools like IITs, IIMs, & XLRI. The new Managing director held a management degree from foreign university with specialization in HR!

Systems:
• Entire business operations were integrated through ERP (SAP R/3). SAP was introduced in the year 2003 to atomize the operations at DFPCL as well as improve upon the production deliverables.
• DFPCL was driven by the Total Quality Management initiative including the Total Productivity Management methodology of production.
ORGANIZATION DESIGN AND DEVELOPMENT

Organization development is also a key component of an overall developmental agenda. OD probably has as many different definitions as there are companies employing OD specialists. At a minimum, OD generally refers to change interventions at the organization and team levels. In the HR Competency Study, we identified two key OD activities:

- Designing developmental intervention programs that facilitate change.
- Orchestrating large-scale communication initiatives that help people know where the organization is headed and how it will get there.

3.1. Organization Design:

Organization design itself has two aspects: overall structure and process design. It also is very closely related to two other categories of HR competencies, measurement and legal compliance.

Structure:

HR professionals need to be able to apply these four key principles while considering at the restructuring process:

- Bring together those people who need to interact most to create wealth within the company (differentiation).
- Create alternative coordinating mechanisms for people who are not brought together via the organization structure: meetings, task forces and committees, common goals, measures and rewards, lateral and diagonal transfers, and work process integration (integration).
- Create more efficient and productive organization structures through reduction in managerial and support staff layers (configuration).
- Design and implement alternative control mechanisms to make up for the reduction in hierarchy (rationalization).
When designing organizational structures, HR professionals should work with the design teams to minimize political considerations and maximize attention to business logic. They should defend the strategic objectives of the restructuring, and shepherd its integrity. They should make sure that the right people are placed on the design team and given the correct instructions, along with free access to information and instructions from key stakeholders. Finally, HR professionals should ensure that measures are in place to evaluate the effectiveness of the new structure within specified time frames. The key issue at each stage of organizational design is maintaining the consistency of customer focus. The resulting processes must be concurrent and integrated.

Strategic human resource management has been defined as 'the linking of human resources with strategic goals and objectives in order to improve business performance and develop organizational culture that foster innovation and flexibility '. Strategic HR means accepting the HR function as a strategic partner in the formulation of the company’s strategies as well as in the implementation of those strategies through HR activities such as recruiting, selecting, training and rewarding personnel. Whereas strategic HR recognizes HR’s partnership role in the strategizing process, the term HR Strategies refers to specific HR courses of action the company plans to pursue to achieve its aims.

- **Customer Orientation**: has received average rating which means more emphasis needs to be given to this point and so also the requirements of customers should be considered in improving production services. It is surprising that although employees show high quality consciousness the emphasis on quality as policy needs to be communicated to all employees more strongly.

- **Management style**: It refers to the distinctive way in which various functions such as goal setting, strategy formation, coordination of interdependent activities, control of operation, human resource management, etc., and is performed in the organization. **Development culture** This refers to the environment where an OCTAPACE culture exists.
• **Open door policy/ communication flow:** Opportunities and mechanisms for employees at all levels to meet top management and express their views and feelings should be created at various forums/occasions to develop a feeling of, ‘we are being heard’ or ‘we are important’. Driving change initiatives across the organization at various levels and speaking the same language for communication may need to be looked at.

• **Delegation Process:** Being a traditional Indian Organization the issue of delegation and empowerment needs to be looked at and more autonomy needs to be introduced in the delegation process. Delegation of authority along with accountability is very important process for developing empowerment.

• **Workforce strategy:** determining what work is core to the business and should be done inside the company versus what work is most effectively performed through partnerships, alliances, outsourcing and so on (Moore, 2000). Making the right choices requires partnering with line managers and facilitating the development of an overall workforce strategy aligned with the business priorities.

• **Quality orientation:** As a service function HR department should consistently check for the quality of the service rendered to its internal customers.

3.2 **Career Systems:****

*Description:*  
Manpower Planning ties the organization’s manpower activities directly to its business strategy and objectives. Through manpower planning, the organization identifies the manpower it needs for its current and future business activities and plans the actions to be taken to ensure the required manpower is available when needed. It could include partnerships, alliances, acquisitions, independent contracting, and other means for ensuring that the required components of manpower competencies are provided in support of business plans and objectives. Strategic manpower plans provide those responsible for manpower activities in units with a
reference for ensuring that they perform their responsibilities with an understanding of how the unit’s manpower activities contribute to the business.

The manpower planning process begins by identifying the current and future manpower competency needs of the organization. These needs are assessed from anticipated future developments in the business and its products, services, markets, technologies, and business processes. The organization identifies those manpower competencies where action is needed to meet these needs. A competency develop plan is created for each manpower competency identified as needing action by the organization. A strategic manpower plan is created by integrating these competency development plans and determining the organization’s actions to provide the needed competencies over time. The strategic manpower plan sets long-term objectives for manpower activities at the organizational and unit levels. Performance against these plans is periodically checked and reported at the appropriate level. As part of planning their manpower activities succession plans are developed for each critical position in the organization to ensure a continuous supply of qualified position candidates.

Purpose:
The purpose of Manpower Planning is to coordinate manpower activities with current and future business needs at both the organizational and unit levels.

Talent Management:
“A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organizational needs.”

Talent management is the process of finding effective ways to attract, develop and retain key talent in today’s challenging marketplace. This includes proactively managing leadership development and succession planning, understanding emerging skill requirements and impacts of workforce demographics and technology and creating a high performing culture where people at all levels are engaged and energized.
Objective:
To establish a formal process by which committed worth is matched to unit resources and competency qualified & experienced individuals are recruited, selected and transitioned into assignments.

To recruit people with the desired competency levels with reference to the I Model for DFPCL.

Underlying Principles of the recruitment process:
The underlying principles of the recruitment process of DFPCL are Unbiased process, Fairness, Timeliness and Systematic Process & following the procedures.

The targets for the year are decided by the HOD and accordingly manpower requisition is filled in and approved by CFO/COO wherever applicable.

The need for manpower comes either by expanding the existing business or by foraying into new businesses.

3.2.3: Recruitment and selection:
The various methods of recruitment and selection process at DFPCL are:

Sourcing:
(a) Existing Vacancy: Job profile is prepared according to the role profile of the position.

(b) New Vacancy: A job profile is created.

Choosing the right source of recruitment is an important part of closing the recruitment needs. The various sources of recruitment at DFPCL are:

- Internal applications
- Promotions from the current role
- Transfers to different departments
- Succession Planning Strategy for top talent
- External sourcing from various agencies and recruitment sources
Screening is done on the basis of responses received and the best profiles are short listed. Short listed profiles are sent to the HOD. The best short listed profiles are called for the preliminary interview. Comparative analysis / fitment within the department based on the qualification, experience and current CTC. Approval from F&A is required for the proposed offer. The offer letter is then issued to the prospective employee. Medical Check - Up And Joining Formalities need to be completed by the successful candidate. Forms like PF, Gratuity and Superannuation have to be filled by the employee for further processing. The record of the employee is maintained in his P file.(Personal file).

**Induction & Orientation:**
The newly joined employee is inducted with the policies & procedures of the company. He / she is put through a one day induction & orientation program and introduced to all the HOD’s, VP’s, MD, CFO and COO. The company policies, procedures, terms and conditions, important HR processes are presented to the new employee during the 1 day induction program.

**Probation:**
Probation period is of six months after which an appraisal is carried out. If the feedback after the probation period is positive the employee is confirmed for the job.

**STAFFING:**
The purpose of Staffing is to establish a formal process by which committed work is matched to unit resources and qualified individuals are recruited, selected, and transitioned into assignments.
From the point of view of line managers, HR is first and foremost about the staffing process; HR professionals must know how to hire, promote, transfer, and fire people—both as individual and discrete decisions and as part of an overall staffing agenda. They must integrate the full breadth of staffing practices into a comprehensive system. Staffing plays a central role in updating individual competencies that contribute to overall organizational capabilities. Of the HR basics, staffing practices have greatest influence on financial performance.

**Current stage:** The recruitment and staffing requirements of entire organization is taken care by the Corporate HR team at Deepak. The staffing is done on a need basis and as per the organizational requirement. A position requires an average time of 2-3 months to close from the stage of requisition to final offer and acceptance.

3.2.4: Career Planning & Development:
**Purpose:** The purpose of Career Development is to ensure that individuals are provided opportunities to develop workforce competencies that enable them to achieve career objectives.

Career Development activities are designed to help individuals see the organization as a vehicle for achieving their career aspirations. The organization creates mechanisms through which individuals can increase their capability in their chosen workforce competency as well as their value to the organization. The organization’s Career Development policy identifies the jobs, positions or competencies for which Career Development activities are appropriate.

**The current stage:**
**Career Planning:** Effective career planning and chalking out well laid career path for employee growth and retention is still a grey area which had been pointed out earlier in 1997 during the Employee Opinion survey conducted by Eicher and again by Hewitt’s people speak and still there have been no efforts to improve the same.
Recruitment methods have been rated satisfactory.

3.2.5: Succession planning- strengths, weaknesses and recommendations
Succession plans are plans produced for critical positions within the organization to ensure that qualified individuals with the required knowledge, skills & process abilities are always available to perform a position’s responsibility.
Succession planning is not carried on currently in DFPCL and there is no provision for replacement of critical positions within the current structure. Currently there is a dearth of talent to fill up senior leadership positions which can be a major loss of know-how as the seniors retire/ resign.

3.3. Work Planning:
3.3.1: Introduction
Work planning refers to examining the way an activity/ work is being carried out. simplifying or modifying the method of operation to reduce unnecessary or excess work, or the wasteful use of resources and setting up a time standard for performing that activity. DFPCL used the factor comparison method for job analysis conducted by. Hewitt

3.3.2: Role clarity:
Roles represent sets of behaviors that are expected of employees. The role profiling exercise was carried out at DFPCL from 2005 to define the unique roles. Based on these role profiles the organizational restructuring decisions were taken by the management of DFPCL.
A Role Profile provides details of what a role incumbent is expected to do in the given context namely:
• Information regarding education, number of years and nature of experience
• Primary responsibility of the role
• Responsibilities or activities that a role holder is expected to perform
• Key result areas or goals
• Nature of interactions, both internal and external
• Competencies or skills required to perform the role

**Benefits of having documented Role Profiles**
- Role profiles clearly defines the employees responsibilities
- Provides clarity to both the holder of the role and the manager on what is expected
- Ensures accountability and reduces overlap.

**Principles of Role Profile Writing are:**
- Define the key Objective of the Role.
- Describe the Reporting relation.
- Describe the Span of Control for the current role.
- Responsibilities allocated to the role
- Decision Making Authority
- Interactions for the current role - Internal and External
- Criteria for Performance Measurement - metrics
- Functional/Technical Skills required
- Competencies/Behavioral Attributes required - competency

**Framework:**
- The role description should be based strictly on requirements of the role, as distinct from details of the role holder
- Once the role is objectively, accurately and comprehensively described, a separate exercise can be undertaken by the organization to evaluate the role holders against the requirements of their respective roles, thereby identifying gaps and developmental needs.
- Role profiles need to be continuously refined and redrafted depending on the changing needs of the organization

**Job evaluation:**
Job evaluation is used to measure relativities and determine where the job should be placed in a pay structure (the rate for the job). Relative job size is assessed in terms
of inputs, process requirements, and outputs. Performance management assesses the individual’s performance in the job.

**Job evaluation** is defined as the process of examining, describing and evaluating the content of the function and ranking of related functions. It is a process through which jobs are described, analyzed and ultimately weighted or evaluated by means of a job evaluation method. To match the remuneration policy to the culture of the organization and the developments in the labor market, regular comparisons must be made and the level and structure of pay must be modified where needed.

A job evaluation consists of the following elements:

- A clearly defined method which includes precise definitions of characteristics and entries to tables.
- Benchmark jobs that have been defined and evaluated according to the requirements of the method.
- Procedures, which clearly prescribe the course of the whole process. Careful attention needs to be paid to appeal procedure.
- Plain, easy-to-understand communications

A job is a collection of tasks in conjunction with certain responsibilities and competence. A task is a collection of similar activities. Employability, potential and competencies play an increasingly important role as a basis for remuneration. The value of the job attached to it is on the basis of its weight is increased by a reward for the broader employability of the employee in multiple jobs. Also the competencies an employee demonstrates and the potential he possesses become more and more important and consequently deserve higher rewards.

Job evaluation determines the intrinsic value of a job and its worth in the organization, relative to other jobs within the organization. Jobs are ranked to reflect the most to least valued, or the most to least complex.
Job evaluation can be defined as “a systematic procedure designed to aid in establishing pay differentials among jobs...”¹

¹Compensation: Milkovich, George T. and Jerry M. Newman; BPI/Irwin, 1990; p. 103.

The situation in DFPCL before the Hewitt job evaluation process:

- A Job at DFPCL spanned through several ranks. Existing grades/designations did not necessarily reflect increasing job size or expanding responsibilities. They were often simply ways to move people up the organization.
- There was no direct measurement of the size or impact of different jobs.
- It was difficult to benchmark jobs of similar size/impact with the external/internal market.

The Purpose of Job Evaluation:

The purpose of conducting the job evaluation process at DFPCL was:

- To capture & reflect the organization’s value systems
- To achieve internal equity objectives
- A means of comparing the relative value of diverse jobs
- To ensure equitable pay relationships within the organization
- Explore the extent to which there is comparable worth between jobs so that equal pay can be provided for work of equal value
- Accurately assign jobs to salary ranges
- To assist in re-organization/restructuring
- To provide a framework within which strategic decisions can be made about rewards & career
- There are four major methods of job evaluation: ranking, classification, factor comparison, and point plans.
DFPCL used factor comparison method for Job evaluation:

Factor comparison method is a widely used method of ranking jobs according to a variety of skills & difficulty factors, then adding up these rankings to arrive at an overall numeric rating for each given job. Jobs are compared against other jobs on the basis of how much of some desired factor they possess. Each job's factors are ranked against each other job's factors. The market pay rate for each job is then allocated among the factors based upon a market pay rate scale. Very complex and requires total rework each year to determine the market pay rates. It can perpetuate equity issues from the market.

Figure 15: Factors Identification:

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<td>Business Perspective</td>
<td>Dynamics</td>
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Current status:

Job rotation: Job rotation plans are negligible or absent at the moment at DFPCL and effective policies need to be emphasized and developed to promote growth opportunities amongst employees and prevent stagnation of roles. There is not much attempt to introduce effective job rotation practice since 1997.
3.3.4 Performance Management system:

Definition: Performance Management System:

Performance management is the process of establishing objective criteria against which unit and individual performance can be measured, providing performance feedback, managing performance problems, rewarding and recognizing outstanding performance, and enhancing performance continuously.

"An effective performance management system aligns individual performance with the organization’s mission, vision and objectives."

- Armstrong (1994)

Performance management system is a system in which manager’s work with their subordinates to:

Plan performance - based on their JDs and corporate and functional strategies by defining job responsibilities and expectations and set goals and objectives for a performance period done through measurable KRAs and RRs

Coach/manage - to reinforce development throughout the performance period by counseling or development plans

Appraise performance - by midyear performance review and feedback process and evaluating performance at the end of the performance period.

Performance management systems consist of two basic elements, measurements and rewards. Effective measurement systems have four important features:

- They differentiate high-performing teams and individuals from low-performing teams and individuals.

- They are simple but complete, measuring both results and behaviors—including ethical integrity. It captures past performance and provides important predictors of future performance.

- They draw data from several sources so as to be credible to the people being evaluated and to capture the richness of multiple perspectives.
• They provide comparable measurements for key benchmarks such as previous year-to-date performance, other individuals doing the same tasks, and preset targets or goals.

**Reward systems** include many elements required to encourage and reinforce performance with some form of compensation and some benefits. However, these baseline offerings are insufficient to drive performance.

Effective rewards systems have six important characteristics:

- They are linked to performance.
- They offer rewards of value to the receiver, not just to the giver.
- They are visible both to the receiver and to those whose opinions the receiver values.
- They provide feedback close to the achievement of the desired results or to the expression of the desired behaviors.
- They include rewards that can be taken away if performance is not sustained.
- They include non-financial rewards valued by the recipient.

**Process in DFPCL:**

The Performance Management System was built on the principle of the Balanced Score Card approach. The organizational goals were cascaded down to the VP and CEO scorecards which were further cascaded to the managerial levels. This ensured the achievement of the organizational goals and alignment of the organizational goal to the individual goals.

**Applicability:**

This procedure was applicable to all management cadre employees of DFPCL of level L6 (executive) to LL1 (VP).
Objective of the new PMS system:

- To create a high performing organization
- To continually raise the performance bar
- To provide a culture that will develop, retain and attract talent
- To have a competitive compensation system based on performance

Underlying Principles:
The underlying principles of the new performance management system of DFPCI were:
Objectivity, fairness, transparency and timeliness

Methodology:
The process was conducted in three phases via Performance and Development Planning; Mid-Year feedback and review and Year end Appraisal and feedback in the following manner -

1. Performance and Development Planning:
At this stage KRAs and RRs were set by each employee in consultation with his appraiser, which he has to accomplish in the coming year. KRAs (Key Result Areas) were the performance goals that the employee has to deliver and RRs (Routine Responsibilities) are ongoing responsibilities that the employee carries out on daily basis. He had to design an Action Plan that speaks of how he intends to go about achieving the performance expectations (in the form of KRAs and RRs).

2. Mid Year Feedback And Review:
At this stage the current level of achievement on the KRAs and RRs were evaluated to see whether the performance of the employee is heading towards their accomplishment or not. The employee could revise the targets in consultation with his appraiser to make the targets more realistic. At the same time the employee had to evaluate his own performance on various competencies. The employee was also rated on the competencies by his appraiser, 2 peers/internal customers and 1-2 subordinates. The employee had to analyze the competency assessment results and then identify three competencies, which need to be developed in the coming year. He has to draw up an action plan outlining specific steps that would help him develop those specific competencies.
3. Year End Appraisal and Feedback

At this stage the extent of achievement over the target KRAs and RRs are analyzed. The appraiser calculates final KRA rating and final performance rating. The Final KRA Rating is used by the management to calculate the variable pay and Final performance rating is used to calculate fixed pay increments.

Figure 16: The performance and development cycle for the BSC at DFPCL:

The Performance & Development Cycle

The BALANCED SCORE CARD:

Introduction:

Organizations are systems which create value. For the success of a business in the long run, the expectations of three stakeholders- employees, customers and shareholders- must be satisfied. All these three stakeholders are interrelated: employee attitudes and behavior influence customer satisfaction and retention, which in turn, influence shareholder satisfaction and investments. The HR function has a significant role to play in ensuring that all three stakeholders remain satisfied. The Balanced score card is a technique to translate strategies into measures that can be
understood, communicated and acted upon. The scorecard is an effective tool in revealing the drivers of competitive performance.

Definition of BSC:
Balanced Scorecard is a comprehensive framework that translates a company's vision and strategy into coherent set of performance measures. The Balanced Scorecard can be used as a strategic management system to manage company's strategy over its long run. It is a tool used for measuring the performance of an organization (Corporate Score Card), of a function (Functional Score Card) and an individual (KRAs / RRs). It is a powerful instrument for Performance Management System.

The Four Perspectives of the Balanced Scorecard:
The four perspectives of the scorecard- financial, customer, internal process and learning & growth; permit a balance between:

- Short & long term objectives.
- Outcomes desired & performance drivers of those outcomes.
- Hard measures of the objectives & softer, more subjective measures.

The Balanced Scorecard translates mission and strategy into tangible objectives and measures, organized into four perspectives: financial, customer, internal business process and learning and growth. The objectives and measures are derived from a top down process driven by the mission and strategy of the organization. The measures are used to articulate and communicate the strategy of the business and to help align individual, cross-departmental and organizational initiatives into a common goal. The measures represent balance between external measures for shareholders and customers and internal measures of critical business processes, innovation and learning and growth. The measures are balanced between the outcome measures-the results from past efforts- and the measures that drive future performance (performance drivers). To understand the linkage between Strategy and individual performance targets refer to the figure above.
Process in DFPCL:
The Balanced scorecard method of performance management was implemented by DFPCL for the first time in 2004. The balanced score card of an employee consists of the KRAs or the key result areas and the RRs or the routine responsibilities.

a. Preparation of KRA:

Key result areas bring out the performance goals that an employee needs to deliver i.e. the measurable outcomes expected from the employee’s role. They are defined as critical outcomes towards which efforts need to be directed to support achievement of desired business results spelt out in the corporate BSC.

The employee and the appraiser cull out the KRAs critical for a particular performance from the Corporate and Functional BSC. The minimum number of KRAs is four and Maximum numbers of KRAs are restricted to eight. The coverage of all the four perspectives is mandatory in all levels. VP (HR) communicates the Weightage for each perspective every year after the finalization of Corporate and functional BSCs before 16th March of every year, which is decided by OMC based on where the company needs to focus in a particular year.

For each KRA the employee and his/her appraiser shall set the target against which the employee will be assessed. These targets need to be aligned with the targets of functional BSC, be measurable and be reasonably stretched. It is mandatory that the targets are measurable and provable during evaluation. The employee and the appraiser shall decide on the Weightage for each KRA within the overall weightage for the particular perspective. The sum of all Weightage assigned to the KRAs shall add up to 100%.

For each KRA the employee and the appraiser makes an action plan outlining specific steps and milestones.

Auditing the BSC: The audit shall measure the following aspects of the BSC:

- Linkage to Corporate BSC
- Measurability
- Value addition by superior
• Extent of stretch
• Interdependency of other function
• Coverage of any additional organization wide KRA as given as a directive by the top management.

b. Routine Responsibilities:
In order to ensure that the routine jobs and the efforts put in by the employee is duly rewarded; the PMS covers these activities under Routine Responsibilities (hereafter called RRs). The RRs are part of the employee’s daily responsibilities and integral part of his jobs. They are culled from the Job Description of the particular role, which is already documented and available with the employee and appraiser. The minimum RRs are 5 and maximum 8. Total Weightage for all the RRs will add up to 100%.

c. Final Performance Rating:
The final performance rating is the weighted average of final KRA rating and RR rating. It is the summation of the scores of the KRA and RR ratings.

d. Review Process:
   1. Periodic Review:
The assessor shall review the progress of each KRA in a frequency as deemed fit by him.

   2. Final Review:
The assessor and an equal level person from a department (which will normally be a customer or supplier department) nominated by HR department will do the final review. The review is done on the PMS form provided by HR department. The ratings are recorded in the PMS form and signed off by Assessor, HR nominee and the employee.

e. Processing by HR Department:
The HR department makes assessor-wise wise, level-wise and department-wise listing of rating.

f. Moderation Process:
The top 10% and bottom 5% cases are to be put up to the committee of VPs and the committee for moderation and to ensure fairness. As, fairness and transparency is an important aspect of this PMS, any change in the rating is intimated to the assessor and the employee in writing with reasons, immediately after the VPs committee meeting. BSC’s of employees who join during midyear will have to be made within 30 days of his/her joining.

Objectives:

The objectives of implementing the Balanced score card at DFPCL were:

- To communicate strategy throughout the organization.
- To align departmental and personal goals to the strategy.
- To link strategic objectives to long-term targets and annual budgets.
- To identify and align strategic initiatives.
- To perform periodic and systematic strategic reviews.
- To obtain feedback to learn about and improve strategy.

Current status:

Transparency and measurability of the BSC: Moving from the traditional PMS system to the strategic BSC method has been a transition in the method of managing Performance management in DFPCL. Although the BSC method claims to be 100% KRA & RR oriented the element of personal bias is still present in the employee’s recognition methods and there is slight dissatisfaction existing currently. Also since the method is relatively new the process, in which KRAs are fixed, audited and reviewed needs to be improved. (This is also indicated by the low score of transparency and measurability of the BSC aspect.) More efforts are required to stabilize the BSC based performance management system.

3.3.5: COMPENSATION & BENEFITS:

Compensation includes all forms of inducements or remuneration offered to employees for work performed, most commonly pay and guaranteed benefits. Pay
includes any guaranteed fixed rate of salary or hourly wages provided to individuals, plus any variable amounts that are provided based on an existing agreement between the organization and the individual on how it is administered.

A compensation strategy is developed that states the organization’s philosophy and methods for compensating individuals. This compensation strategy is periodically reviewed against business conditions and revised when necessary. The opinions and interests of the workforce are considered in shaping the compensation strategy. The strategy covers all forms of compensation to individuals, both fixed and variable, and the criteria by which compensation is determined. A compensation plan is prepared periodically to guide the administration of the compensation strategy.

**Rewards** are Special recognition outside of the compensation system for accomplishments of significant value to the organization. Usually consists of variable amounts of money, stock, or other considerations provided to individuals or groups at appropriate times without any prior agreement as to conditions of receipt. Rewards are distinguished from recognition in that rewards typically involve financial considerations.

**Process in DFPCL:**

**Current status:**

Compensation is decided on a yearly basis based on, performance of the company, market relativity and individuals' performance. However in the case of retired employees or the unlikely event of expiry cases the variable pay will be on pro-rata basis based on performance assessed by his assessor.

There is no separate rewards and recognition process. The recognition comes in the form of annual bonus which is linked to performance of the employee.
3.3.6: PERFORMANCE COACHING / COUNSELING:

Performance coaching is the use of an experienced and capable individual(s) to increase the knowledge, skills, and process abilities of individuals or workgroups. Coaching is a form of mentoring that involves expert knowledge and skill in the subject matter being coached.

Process in DFPCP:

Objective:

- Initiatives to strengthen the feedback mechanism in the Performance Management System
- Help managers to become more effective Performance Managers

Help bring about a cultural / mindset change with regard to giving and receiving feedback and coaching.

Figure 17: Feedback and coaching model:

What is feedback?
Feedback is information about performance that reflects: What you do? & How you do it? How it compares to what is expected? Feedback is based on observable, specific, job-related actions or behaviors: both positive and corrective, requires open face-to-face communication & Critical to attain or maintain desired performance. Performance feedback needs to be an ongoing process and the employees must be given feedback throughout the year.

Why is Feedback Discussion Important?

> Feedback is a way of learning more about performance
> Constructive feedback increases self-awareness, offers options and encourages development
> It relates to information about performance that reflects:
  o What you do and how you do it
  o How it compares to what is expected
> Feedback is based on observable, specific, job-related actions or behaviors:
  o Both positive and corrective
  o Requires open face-to-face communication
  o Critical to attain or maintain desired performance

Benefits of feedback & coaching:

1. Staff performance:
   Performance expectations for day-to-day work driven by organizational objectives are conveyed during feedback process. Key behaviors critical to individual and organizational success are defined.

2. Staff development:
   Performance feedback helps the employee meet current objectives and also prepares them for future responsibilities. It supports their longer-term objectives.
Framework for Feedback:
Hewitt defined the POSIT framework for giving performance feedback. The top management team were coached on this methodology. **POSIT framework defined:**
Positive Intent: Describe your positive intent. Remember feedback is not always negative. **Positive & constructive as well**
Observations: Document observations and describe these specific incidents / behavior during the feedback sessions
Sources: Collect Feedback from different sources your feedback sessions, customers, peers/colleagues & employee
Impact: Clearly state the Impact of the feedback for the future & Invite the employee to respond.
Timely & Frequent: Give Feedback on an ongoing basis and as close to the time of the incident as possible

What is coaching?
Coaching raises awareness and helps the coachee take responsibility for change and move into action. It is based on a structured process managed by the coach

Awareness ➔ Responsibility ➔ Action

Framework for coaching:
Prepare: Plan your strategy
Engage: Set a constructive tone for the discussion
Explore: exchange information and generate ideas to modify behavior / solve problem
Agree: on a Plan of action, success measures, Support needed, Schedule Follow-up.
Review: Review action undertaken & recognize accomplishments

The figure 18 below defines the coaching model in 4 stages namely:
1. Defining
2. Exploring
3. Alternative options.

4. Lead action and implementation.

Figure 18: Coaching model

- Deciding among alternatives, committing to specific actions, implementation and follow through of actions — actions implemented consistently leads to change

- Generating and thinking through various actionable alternatives and options available to Executive to achieve objectives

The benefits of coaching are:

- Coaching Targets to improve Performance in current position or preparation for next position
- Coaching is a solution-focused, results-orientated systematic process in which the coach facilitates the enhancement of performance, self-directed learning and personal growth of other individuals
- Coaching is essentially a conversation
- Managers may coach all those reporting to them as part of their role but mentoring usually is done within a special program of support for employee development and is most often not someone who is in the chain of command of the employee
Mentoring:
The word mentoring is derived from the Greek word meaning, “enduring”- is defined as a sustained relationship and a process of informal transmission of knowledge and psychosocial support between a person who is perceived to have greater relevant knowledge, wisdom, or experience (the mentor) and a person who is perceived to have less (the mentee).

A mentor is a friend and guide for the mentee within the organization. Mentoring helps develop skills, behaviors and insights to reach the partners goals by building mutually beneficial partnership. As people receive mentoring, they reap the benefits of the initiative in the form of growth and achievement. As they move forward and begin to mentor more and more people, they contribute to the organization in a big way. Mentoring is a process in which a mentee (the learner) of his/her free will, takes the help of a person (the mentor) of his/her choice for his/her professional and personal development. Mentoring is about sharing knowledge, offering advice, information or guidance for the benefit of another individual’s professional and personal development. Mentoring takes place in a learning environment in which both the mentor and mentee stand to gain new insights about the workplace. The process is about transferring the lessons of greater experience in a workforce competency to improve the capability of other individuals or workgroups.

David Clutterbuck (1996) defines mentoring as “offline help by one person to another in making significant transitions in knowledge, work or thinking”.

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Table 4: Difference in roles of a Coach & a Mentor

| Coaching most often takes place within a current job while mentoring may offer a broader view of a mentee’s possibilities for a career. A coach focuses mostly on the actions taken by the coachee while the mentor will focus both on actions as well as relationship Coaches encourage self-resolution and mentors may provide advice Coaches may encourage self-discovery while mentors may show the way. Coaches need not have the specific background of the client and for managers who coach, it is in their best interest to coach their employees. | A mentor shares their experiences and knowledge with mentee while a coach will ask their client to highlight their own experiences and draw from those experiences. Mentors transfer their knowledge and information while coaches ask directed questions that will bring out the answers in the coachee. Mentors tend to view the relationship as an apprenticeship while coaches are approaching the relationship more as a mutual exploration. Mentors may be harder to find since many “accomplished in their field” do not have the support of their organization nor the patience to spend the needed time with a mentee. |

Current stage at DFPCL:
Coaching and mentoring as a formal process is yet to establish in DFPCL. Although informally it was prevailing as the senior employees were guiding the new comers in the organization with their experience. As the HR organization matures coaching should be implemented as a formal mechanism was managers play the role of the coach in the organization.
3.4 Development System:

3.4.1. TRAINING AND DEVELOPMENT

The primary focus of Training and Development is on removing the gap between the current skills of each individual and the skills required to perform their assignments. Once individuals have the necessary skills to perform current assignments, they may focus their development activities on other objectives.

**Definition:**

“Training and development refers to any attempt to improve current or future employee performance by increasing an employee’s ability to perform through learning, usually by changing the employee’s attitude or increasing his or her skills and knowledge.”

**Purpose:** The purpose of Training and Development is to ensure that all individuals have the skills required to perform their assignments and are provided relevant development opportunities.

Training programs should consist of five major sets of activities:

- Training in basic skills (reading, writing, arithmetic), technical skills (activity-based costing, inventory management), or leadership skills (strategy, organizing, coaching).
- Pursuit of overall culture and strategy agendas.
- Individual career development.
- Filling cultural and technical performance gaps.

Providing experience in high value-added and challenging work assignments. Cognitive training must include an application component in which the individual is able to synthesize and practice lessons before trying to apply them on the job.
Process in DFPCL:

Most of the training programs were outsourced in DFPCL.

The objectives of Training and development at DFPCL:

Objectives:

- To facilitate organizational performances, cultural changes.
- To initiate individual development through training.
- To develop training process to be a forum for communication.
- To design a tailor-made Training Structure for DFPCL to maintain competitive advantage.

Internal Training Program:

The process of internal training program at DFPCL starts with identification of training needs (through appraisal, by HOD). After this stage the analysis of data pertaining to identified training needs. The training calendar/-training plan is prepared for the year based on the needs identified after the appraisals. After it is presenting it to G25, the training calendar gets approved.

Designing the training program, identifying the appropriate faculty and finalizing the training program are the next steps. Approvals are required under estimated cost of the training program. The list of participants and training dates are then finalized. Informing the participants, preparation of training material and providing logistics support (accommodation, transportation for participants and faculty) are a few administrative support that is required. Facilitation of the training program by HR is required to ensure appropriate deliverables. The last stage is the analysis of feedback and preparation of reports and communication to the HOD’s, corrective action if required.

External Training Program:

Analysis and scrutiny of various training brochures/program schedules are done to identify training needs for external training programs. The concerned HOD is asked for
nominations for specific training programs depending on the job needs of the employees. Then the participants are intimated and their confirmation for participation is taken.

Figure 19 below gives the training model adopted at DFPCL based on the Kirkpatrick model:

**Figure 19: Training Model at DFPCL**

Training Strategy: 2005-06

- We shall conduct Training and Development programs to maintain competitive advantage and to enhance performance levels of individuals and teams.
- Training shall be the major enabler for aligning the employees’ performance with organizational needs in terms of competency.
- Our training will be aimed at reinforcing values, bring about culture change and implementing new systems & processes through companywide learning.
- The prime driver of our training calendar is the DCs conducted during 2004 - 05
- DCs have shown the current levels on each of the chosen 7 competencies.....
3.4.2: Induction training:

Induction and orientation of new employees is a part of the HR process. After the joining formalities are completed the new joinee is taken through the company presentation and oriented to his department.

An induction program is taken once a month /once in 50 days. In this program the senior leadership team talks about the company’s vision, aspirations and new initiatives as well as the existing businesses.

Current stage:

A good employee induction system can be the key tool for employee engagement and retention. Although the induction training process has been rated satisfactory more participation from the top management may increase the overall response towards the induction process. So also the seniors /mentors could spend time to explain the norms and values of the company to the new inductees. The management has recently started engaging with the new employees and also share the business perspective in the induction forum.

3.4.3: Competency mapping:

Competences describe what people need to be able to do to perform a job well. Competences can be defined at three levels:

Core competences - these apply to the organization as a whole. They refer to what the organization has to be good at doing if it is to succeed. This could include such factors as customer orientation, producing high-quality goods or delivering high-quality services, innovation, adding value through the effective use of resources and managing costs.

Generic competences - these are shared by a group of similar jobs - financial accountants, systems analysts, team’s leaders etc.

Role-specific competences - these are unique to a particular role. They define the special tasks that they have to be able to do; in addition to any generic competences they may share with other people carrying out broadly similar roles.

Competency:
Definition:

“Competency is the knowledge, skills and abilities described in behavioral terms that are coachable, observable, measurable and critical to successful individual or organization performance.”

The word competency is used in everyday life to refer to the person’s ability or capacity to be successful in a particular task. The competency approach focuses on what the person can do rather than what the person knows. A competency is observable behavior not espoused behavior. Some of the major contributors to the science of assessment centres and competency mapping define competency as follows:

McClelland defines Competency as “An underlying characteristic of an individual that is causally related to criterion reference effective and/or superior performance in a job or a situation.”

Hogg defines Competency as “Characteristics of a manager that lead to demonstration of skills and abilities, which result in effective performance within occupational areas. Competency also embodies that capacity to transfer skills and abilities from one area to another.”

It is McClelland’s definition that has found world wide acceptance among the practitioners for various reasons. Hence to further define his definition:

A) “Underlying Characteristic” - Competencies are underlying characteristics of people and indicate “ways of behaving or thinking, generalizing across situations, and enduring for a reasonable period of time”.

The Competencies have five characteristics, namely:

1) Motives (things a person consistently thinks about or wants that cause action, motives, drive, direct and select behavior towards certain actions) - For example,
achievement motivation - people consistently set challenging goals for themselves, take responsibility for accomplishing them and use feedback to do better.

2) Traits (physical characteristics and consistent responses to situations) - Good eyesight is a physical trait of a pilot. Emotional self control and initiative are more complex consistent responses to situations.

3) Self Concept (a person’s altitude, value or self image) - A person’s values are reactive or respondent motives that predict what a person would do in the short run. For example, a person who values being a leader would be more likely to exhibit leadership behavior.

4) Knowledge (information a person has in a specific work area) - For example, an accountant’s knowledge of various accounting procedures.

5) Skill (the ability to perform certain mental or physical tasks) - For example, mental competency includes analytical thinking. The ability to establish cause-effect relationship.

The type or level of competency has significance in human resource planning. A skill or knowledge can be easily developed.

Competency Analysis begins by analyzing the organization’s business activities to identify the workforce competencies required to perform them. These workforce competencies are each analyzed to identify their essential knowledge, skills, and process abilities. Workforce competency descriptions are periodically reassessed to ensure they remain current with the actual knowledge, skills, and process abilities required by the organization’s business activities. Competency information regarding an individual’s capability in the workforce competencies relevant to their work or career is collected and maintained.

Competency descriptions and information are used to guide strategic workforce planning, support development of the organization’s workforce competencies. Competency descriptions and information should be used at the unit level in performing the workforce activities described in the Staffing, Training and
Development, Performance Management, Competency Development, Competency-Based Practices, and other process areas. Training is the most cost effective way to nurture these competencies. Motives, self concepts and traits are more difficult to train and develop. All these competencies need to be a part of the selection process. Competency models are a specific constellation of behaviors. Together they comprise a behavioral roadmap which is directly related to accelerated performance given the specific strategy and culture of an organization. They should reflect the organizational strategy and the current and future competencies the organization needs to have to cope with changing demands and to create a culture for sustainable success. Competency model is based on clear and relevant behaviors and practices which are measurable, observable and easy to understand.

**Process in DFPCL:**

**Process of Competency Mapping:**
Competency Mapping is a process to identify key competencies for an organization and/or a job and incorporating those competencies throughout the various processes (i.e. job evaluation, training, recruitment) of the organization.

A *competency-based process* defines how individuals within a specific workforce competency apply their knowledge, perform their skills, and apply their process abilities within the context of an Organization's defined work processes. Competency-based processes are documented, trained, performed, enforced, measured, and improved over time. Possessing a process ability indicates that an individual is able to perform the competency-based processes appropriate for someone at their level of development in the workforce competency.
DFPCL Competency Model:

Current stage:

Competency based developmental framework: The efforts in terms of employee development through competency mapping has been acknowledged by employees of DFPCL during the various surveys conducted post SHRM implementation process. The gaps between the current capabilities of people, systems and procedures and what would be required to achieve breakthrough performance could be closed by further investing in re-skilling employees, enhancing IT systems and aligning organizational procedures and systems.

The following 5 competencies are selected for development throughout the organization during 2006-07:

1. Planning and organizing
2. Driving change
3. Delivering customer value
4. Communicating effectively
5. Driving business performance
Purpose: The purpose of Competency Analysis is to identify the knowledge, skills, and process abilities required to perform the organization’s business activities so that they may be developed and used as a basis for workforce practices.

Description: Prahalad and Hamel [Pralahad 90] describe an organization’s core competence as the combination of technology and production skills that create its products and services and provide its competitive advantage in the marketplace. Achieving and sustaining a core competence requires assembling a workforce comprised of people with different types of knowledge, skill, and abilities to follow processes. Each of these different sets of knowledge, skills, and process abilities constitute a workforce competency. The range of workforce competencies needed by an organization is determined by the range of business activities that collectively constitute or support the organization’s core competencies. Competency Analysis begins by analyzing the organization’s business activities to identify the workforce competencies required to perform them. These workforce competencies are each analyzed to identify their essential knowledge, skills, and process abilities. Workforce competency descriptions are periodically reassessed to ensure they remain current with the actual knowledge, skills, and process abilities required by the organization’s business activities. The organization maintains a repository of these workforce competency descriptions. The work processes used by capable individuals in each workforce competency are defined and updated as necessary. Anticipated changes in products, services, processes, or technologies are analyzed to determine their implications for future workforce competency requirements. Competency information regarding an individual’s capability in the workforce competencies relevant to their work or career is collected and maintained. From this competency information, resource profiles of the organization’s level of capability in each of its workforce competencies can be determined.
Competency development plan: Identifies the current and future needs of a workforce competency. These plans can either be produced as separately documented plans for each workforce competency, or they can be integrated together in the organization’s strategic workforce plan.

Personal development plan: Specifies the actions to be taken by an individual for developing additional capability in their workforce competency, and for applying this capability to their work. The plan usually contains objectives for completing development activities, and may contain objectives for capability or performance improvement.

Current stage:
DFPCL used the development centre approach to assess and measure the competency levels of its employees.

Development centre:
A development centre is a multi-method form of evaluation that comprises of simulation exercises (such as role plays and business case presentations), psychometric instruments and structured interviews.
Competencies of the DFPCL employees were assessed using the development center using multiple tools/exercises such as role plays, group discussions, games, case studies, presentations etc. These exercises were custom designed by the Hewitt Team with a combination of group and individual, written and discussion based exercises. Employees were observed by multiple, trained observers, and their behaviors/ responses will be recorded to later analyze and report them back to the participants:

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What is a Development Center?

- Assesses Multiple Competencies
- Simulates Live Working Conditions
- Is used for Development
- Uses Multiple Tools/Exercises (High Validity)
- Uses Multiple Raters (Less Bias)
- Assesses Multiple Individuals

Validity of assessment centers results is nearly 4 times that of an interview.

The outcome of the Development Center was the Development Feedback Report for each participant, indicating his/her strengths and development needs, against the competency requirements of the role, and suggesting some actions for development. 250 employees have undergone the development centre process and have received their feedback on the competency gaps and methods to bridge them. Around 80 people have prepared their personal development plan to bridge the competency gaps. Competency based development plans have a slow maturity rate and takes at least 2 years to mature into the organization.

Competencies were assessed through the Development Center using multiple tools/exercises such as role plays, group discussions, games, case studies, presentations etc. These exercises were custom designed by the Hewitt Team. Employees were observed by multiple, trained observers, and their behaviors/responses will be recorded to later analyze and report them back to the participants. The pilot development centre was implemented on the hi potential directors by the trained Hewitt experts. After the development centre this group was giving 1-1
feedback on their competencies. Development areas were identified and they were given inputs on their individual development plans. Hewitt also identified and developed a few directors as internal assessors. After the first few DCs DFPCL organized internal DCs led by internal assessors. After the two pilot sessions the entire population of DFPCL up to the band LL4B were put through the development centres over the span of 1 year. The aggregate scores of all the 7 competencies identified for DFPCL as an organization is depicted with the following figure:

Figure 22: Competency mapping scores- Band wise comparison

The above graph-figure indicates that delivering customer value is the strongest competency of DFPCL followed by working in teams. Planning and organizing is assessed as the weakest competency for the senior bands. The competency-driving change also scored low.
Table 5: Competencies proficiency levels:
The proficiency levels describes the required competency proficiencies. Each band may have different proficiency levels for different competencies.

<table>
<thead>
<tr>
<th>Proficiency Levels</th>
<th>Behavioral Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level IV</td>
<td>Sets up high-level team norms and provides the teams with the necessary resources to achieve their end objectives.</td>
</tr>
<tr>
<td>Level III</td>
<td>Facilitates cross-fertilization of ideas through interactions spanning team boundaries to ensure smooth functioning of the team for realization of the organization’s objectives.</td>
</tr>
<tr>
<td>Level II</td>
<td>Ensures consistently high levels of morale in the team members by sharing credits, achievements, failures and responsibilities with team members and handling conflict situations to the mutual advantage of the parties involved.</td>
</tr>
<tr>
<td>Level I</td>
<td>Works effectively in a team, shares ideas, information, knowledge and expertise and encourages others to do the same.</td>
</tr>
</tbody>
</table>

Based on the outcome of the competency mapping process and the actual competencies of the employees of DFPCL a competency based Training calendar was released to the management on 24th July’06 giving the background about how the 5 competencies were selected and the current calendar was planned to develop the respective competencies.

The current training policies, procedures and system as well as the opportunities to learn and develop have been rated very well in contrast of the feedback received
just one and half year back during the ‘People speak’ in which the employees had expressed that there is no formal training programs and no learning sessions to develop competencies and skill gaps. Since the business is on a growth mode employee learning and growth could be developed through a well designed mentoring model since the interpersonal relationship has been a strength area for Deepak. Seniors could spend dedicated time and efforts for the growth and development of their executives.

3.5: HRD Culture

3.5.1: Introduction:
Organization Culture is the shared values, beliefs and norms of the organization that influence employees’ collective behavior and their preferences for certain practices and the workplace environment formulated from the interaction of the employees. It is defined by all of the life experiences, strengths, weaknesses, education, upbringing, and so forth of the employees.
Culture does not change because we desire to change it. Culture changes when the organization is transformed; the culture reflects the realities of people working together every day.

- Frances Hesselbein

As a strategic business partner, HR can have a powerful impact on a company’s operational and financial outcomes by leading a cultural transformation. This role, which has been well documented, will be even more critical for HR in the future.


The organizational culture plays a significant role in making organizations get the best out of themselves. Abraham’s (1989) study has established clearly the linkage between the HRD climate and the organizational performance in financial terms.

HRD culture should have the following characteristics: (OCTAPACE)

- Openness is there when people feel free to express their opinions and ideas irrespective of their level, designation etc
- Collaboration: where people are eager to help each other
- Trust and trustworthiness: deal with a culture of people believing each other and acting on the basis of verbal messages and instructions without waiting for written explanations.
- Authenticity: is speaking the truth fearlessly and keeping up the promises made.
- Proactive culture: promotes initiative and exploration on the part of all employees.
- Autonomy: is present if every role-holder in the organization has some scope to use discretion in his job.
- Confrontation: is the culture of facing issues with very little fear of hurting each other.
- Experimentation: is the orientation on the part of the employees to try out new ways of doing things and take new decisions.

Current stage:
The HRD audit defined in the data analysis chapter defined the HRD culture score. From the stage were HR Department was perceived to be ineffective in the Hewitt people speak response in 2004 the employees have now recognized the efforts put in by the HR team for various OD interventions. HR has now become the facilitator for any interdepartmental interaction and in the process of performance management and scorecard formation. HR polices are well defined and aligned to the Organization’s strategy through the HR scorecard in place.

3.5.2: Values
A corporate culture is the combination of the values and characteristics that define an organization. It influences the way employees relate to one another, to customers, to shareholders, and to business partners. It drives behaviors and unites employees around a shared set of values. It can lift our performance and improve our work environment.
Values:
Values exist in every workplace. Values are timeless principles that guide an organization. They represent the deeply held beliefs within the organization and are demonstrated through the day to day behaviors of all employees. An organization’s values make an open proclamation about how it expects everyone to behave. Values represent the deeply held beliefs within the organization and the timeless principles it uses to guide decision making. The organization’s culture is partially the outward demonstration of the values currently existing in your workplace. Values are the ideas held by individuals about ethical behavior or appropriate behavior, what is right or wrong, desirable or undesirable.

Shared values are what engender trust and link an organization together. Shared values are also the identity by which an organization is known throughout its business areas. These values must be stated as both corporate objectives and individual values. Every organization and every leader will have a different set of values that are appropriate to its business situation.

Current stage: The value framework needs to be revisited at DFPCL keeping in mind the huge diversification plans the organization has opted for.

3.5.3: Information:
Organizations must manage the inward flow of information with customer, shareholder, economic and regulatory, technological and demographic information to make sure that employees recognize and adapt to the external realities. They must also manage the internal flow of information across horizontal and vertical boundaries.

Information enables innovation to proceed, change to occur, service and quality to improve, costs to stay under control and productivity to increase. It determines who has influence over which issues and who does not, giving meaning and direction to work and purpose to the lives of managers and employees alike. A comprehensive
communication strategy creates value through messages designed to meet the needs of each stakeholder.

Current stage:

**Information:** The flow of information on various aspects like changes in the environment (internal and external factors) within the organization looks satisfactory. But vital information on performance of the competitors and market perceptions, performance of various products of the company needs to be improved otherwise these may be a major area of concern due to the criticality of such information. So also internal information about transfers, posting and other personnel/structural changes needs to be communicated to the employees well in time so that they are not in for sudden shocks!

3.5.4: Communication

*Communication has been a weak link for DFPCL*

DFPCL has a fully fledged corporate communication department which was established in 2004 to improve the internal and external communication.

Communication bottlenecks needs to be minimized which would reduce distorted versions of management communications. A more formal and direct method of communication needs to be introduced preferably by the top management.

3.5.5: Empowerment:

The level of empowerment is very high among the G35 OR the Deepak top management group. However the line managers and seniors need to be more tuned in terms of their attitudes to empowering their subordinates.

3.6 HRD FUNCTION

3.6.1: STRUCTURE OF THE HR DEPARTMENT:

The Corporate HR department of DFPCL is headed by the Vice president HR followed by the group leader HR. Two HR managers independently manage the activities of ODI
and SAP respectively. They are further supported by management trainees. The HR functions at Taloja have 3 team members i.e. the Group leader -HR & IR, Sr. Manager HR and an HR executive. The corporate HR initiatives are incorporated by them. Figure 23 below provides the organizational structure of DFPCL after the role consolidation process:

Figure 23: HR Organization structure and the roles:

HR Strategy:

The HR Strategy of DFPCL was as follows:

- Organization capability building through Talent management by recruitment, value addition through development and employee retention through growth.
- Competitive compensation
- Robust Performance Management System.

Current status of the HR department:
Current stage: Research proves that implementation of good OD initiatives and sustaining them requires at least 2-4 years. The organization has spent huge amount in the implemented various strategic HR initiatives. But the attrition within the HR department has been around 50% which is quite high. Hence it must be ensured that competent HR staff should be retained and attrition should be reduced.

3.6.2: HRD - competencies:

Competency level of the HRD department: This refers to the capabilities and understanding level of the HRD personnel with respect to the knowledge, attitudes, and skills of the HRD profession. HRD competencies can be audited using several methods. The most important ones are:

1. Knowledge testing
2. Attitudes and values
3. Self assessment by HR professionals
4. Peer level assessment or 360 degree assessment.
5. Assessment of the HRD function or department by line managers.
6. Assessment centres

HRD competencies checklist:
The list of competencies used for self assessment by HRD professionals for self-assessment can be:

1. Peer assessment
2. Identifying training and other developmental needs
3. Potential appraisal of candidates being considered for appointment in the HRD department.

Annexure 2: HRD Professional knowledge:
Annexure 2 provides the list of HRD professional knowledge. The knowledge level of the HR employees of DFPCL were evaluated on the basis of this list.
Annexure 3: HRD professional skills:

Annexure 3 provides the list of professional skills required for HR professionals.

The professional skills of the HR employees of DFPCL were evaluated on the basis of this list. In this study development centre methodology was also used to assess the competencies of HRD personnel. The HR management and staff was put through development centres conducted by Hewitt associates. After this the assessment centre reports were shared with the HR staff and development inputs and feedback was provided by expert Hewitt consultants.

The HR team members in DFPCL were found to be competent with the required experience as well as qualifications. They received their OD implementation training under the guidance of Hewitt associates and hence were capable of implementing various strategic HR initiatives. Although considering the newness of the SHRM processes and the maturity of the organization a few systems could be managed better. Over the years of implementing SHRM processes it can also be concluded that the perception about the HR department and its staff had improved in DFPCL.

Evaluating Competency for HR Professionals

Competency work has become the leading logic for diagnosing, framing, and improving leadership in general and human resource management in particular. Competencies have been enunciated for multiple purposes:

- To specify what people need to do to improve performance
- To predict performance in complex jobs
- To match individuals with jobs
- To drive strategy and integrate management practices
- To measure and develop the effectiveness of professionals, processes, and functions

Communication Skills
HR Technology

HR departments regularly find new applications of technology to improve their efficiency and their effectiveness. Nonetheless, technology accounts for just 5% of HR’s total influence on business performance, making this the only HR competency domain that is not significantly related to financial performance. The HR processes at DFPCL are operated through the HR SAP module. The capacity of SAP HR has not been fully utilized since the HR reports are utilized for basic operations and modules like Performance management, Recruitment & selection, Training & development have not been integrated.

Exit analysis:
The total workforce strength is 1100 employees as in 2004-05. DFPCL has a steady retention of employees and the average life span of employment in DFPCL is around 8-10 years. Attrition is a non issue due to the stability in the tenure of employment.

The details of exit between 2001 to 2004 are given in the diagram below:

Total Number of Resignations/ retirements for 2001-2004 for Pune and Taloja Staff: 139 over a period of 4 years. Hence annual attrition can be attributed at 4.7% which is a good industry average.
Hence being a manufacturing sector with huge employee loyalty the attrition figures of DFPCL can be considered to be stable. Employees have been with the organization for long number of years and like the stability which the work environment provides them.