Chapter - I

INTRODUCTION

1. 1- Anthropology:

Anthropology is the study of man, which is uniquely holistic and comparative discipline, is the scientific and humanistic study of the human species, of human biology and cultural diversity and its immediate ancestors. It is the extrapolation of human diversity (similarities and differences) in time and space. Anthropology explores the origin of and changes in human biology and culture. Anthropology emphasizes comparing human groups to understand the range of normal variation in human behavior and biology, and therefore considers what it is to be human. Anthropology attempts to provide a general worldwide; characterized by its holistic ideal, a belief that an understanding of human nature requires drawing together and relating information from all aspects of the human condition. The contribution of anthropology is in integrating the different concepts from many disciplines into a meaningful understanding of that most complex animal, Homo sapiens. In other words, Anthropology is devoted to the broad, “holistic” study of humankind, to the understanding and explanation of human beings in all of their diverse aspects at all times and places. Its research and work focus on human population living in an ecological niche. It is the study of human behavior with all prospective. That exploration of what it means to be human ranges from the study of culture and social relations, to human biology and evolution, to languages, to music, art and architecture, and to vestiges of human habitation. It considers such fascinating questions as how people's behavior changes over time, how people move about the world, why and how people from distant parts of the world and dissimilar cultures are different and the same, how the human species has evolved over millions of years, and how individuals understand and operate successfully in
distinct cultural settings. Anthropology includes four broad fields—cultural anthropology, linguistics, physical anthropology and archaeology. Each of the four fields teaches distinctive skills, such as applying theories, employing research methodologies, formulating and testing hypotheses, and developing extensive sets of data.

Anthropologists often specialize in one or more geographic areas of the world—for example, West Africa, Latin America, the British Isles, Eastern Europe, North America and Oceania. In addition, anthropology studies focus on particular populations in a locale or region. Some anthropologists study cultural practices, such as Pyrennes’ Basques use of cooperatives in their economic system, which must be modified to fit the overarching Spanish or French legal structures. Other examples of cultural practices studied by anthropologists include marriage rituals among Scots-Irish Americans in a suburban North Carolina community, Morris dancing on May Day among southwestern English village inhabitants, and aesthetic and linguistic aspects of Trinidadian calypso and "road songs. " Physical anthropologists observe biological behavior, attempting to understand ongoing human evolution and the human adaptations to particular environments, such as a maternal physiological response to pregnancy, the effects of altitude on maternal and fetal well-being, perhaps performing comparative studies of physiological responses to short-term high altitude residence (e.g., Euro-Americans and African Americans in Colorado) versus longer-term high altitude residence (e.g., Indigenous Quechua-speakers in Peru or Sherpas in Nepal). Historical archaeologists help preserve aspects of the recent past, such as settlement patterns in the western U. S. Plains. Archaeological studies generally involve teams of specialists who work with domesticated plant remains, indicators of animal life, and the man-made artifacts produced or imported into a particular area.
1. 1. 1- Socio-Cultural- Anthropology:

Anthropology

The populations of India and other South Asian countries offer great opportunities to study socio-cultural and genetic variability. Perhaps, nowhere in the world people in a small geographic area are distributed as such a large number of ethnic, castes, religious and linguistic groups as in India and other South Asian countries. All these groups are not entirely independent; people belong concurrently to two or more of these groups. People of different groups living side by side for hundreds or even thousands of year try to retain their separate entities by practicing endogamy.

India is a multicultural country. Anthropologists are committed to grasping the dynamics of communities and populations. As an anthropology combines the premises of a biological as well as well as socio-cultural study, it looks at the diverse sections of human beings with dual perspective, one derived from its branch called biological anthropology, and the other from social/cultural anthropology. How communities and populations continue to retain their identity, in social and cultural terms on one hand and biological on the other, and how they acquire the characteristics of the others because of cultural borrowing or interbreeding are the questions anthropologists systematically investigate.

India with about 1000 million people has the second largest population in the world and it is one of the world’s top twelve mega diversity countries and has a vast diversity of human beings, fauna, flora and environmental regimes. Its present population includes stone-age food gatherers, hunters, fisher-folk, shifting cultivators, peasant communities, subsistence agriculturists, nomadic herders, entertainers, as well as those engaged in mechanized and chemicalized
agriculture, mechanized fishing, tapping offshore oil and natural gas, running atomic power plants and producing computer software. India has been peopled by human groups carrying a diversity of genes and cultural traits. We have almost all the primary ethnic strains Proto-Australoid, Mediterranean, Mongoloid, Negrito and a number of composite strains. It is the homeland of over 4000 Mendelian populations, of which 3700 endogamous groups are structured in the Hindu caste system as ‘gates’. Outside the purview of caste system there are a thousand odd Mendelian populations which are tribal autochthones and religious communities.

Like any other plural society, India offers a cauldron where the processes of unification as well as of fragmentalisation are increasingly taking place. This presents a situation of cultural, biological and environmental richness and diversity, and one where the constant interactions between communities are aiding the formation of bridges, thus creating a sense of unity.

Anthropology, a uniquely holistic and comparative discipline, is the scientific and humanistic study of the human species, of human biology and cultural diversity and its immediate ancestors. It is the extrapolation of human diversity (similarities and differences) in time and space. Anthropology explores the origin of and changes in human biology and culture. Anthropology emphasizes comparing human groups to understand the range of normal variation in human behavior and biology, and therefore considers what it is to be human. Anthropology attempts to provide a general worldwide; characterized by its holistic ideal, a belief that an understanding of human nature requires drawing together and relating information from all aspects of the human condition. The contribution of anthropology is in integrating the different concepts from many disciplines into a meaningful understanding of that most complex animal, Homo sapiens. In other words, Anthropology is devoted to the
broad, “holistic” study of humankind, to the understanding and explanation of human beings in all of their diverse aspects at all times and places.

Anthropology is “Holistic”. ‘Holism’ refers to the study of the whole of the human condition: past, present, future; biology, sociology, language and culture. It is also the study of human’s immediate ancestors (person from whom one is descended). Anthropology is also “Comparative” and “Cross-Cultural”. It is a comparative field that examines all societies- ancient and modern; simple and complex. It systematically compares data from different populations and time periods. However, the other social sciences tend to focus on a single society whereas the anthropology offers a unique cross-cultural perspective by constantly comparing the customs of one society with those of others.

1.1.2- Culture:

People share society – organized life in groups – with other animals. Culture, however, is distinctively human. The word culture has many different meanings. For some it refers to an appreciation of good literature, music, art, and food. For a biologist, it is likely to be a colony of bacteria or other microorganisms growing in a nutrient medium in a laboratory Petri dish. However, for anthropologists and other behavioral scientists, culture is the full range of learning human behavior patterns. Cultures are traditions and customs (usual practices), transmitted through learning, that guide and govern the beliefs and behavior of the people exposed to them. Children learn such a tradition by growing up in a particular society, through a process called “Enculturation”. A culture produces a degree of consistency in behavior and thoughts among the people who live in a particular society1. Cultural traditions include customs and opinions, developed over the generations, about proper and improper behavior. The most critical element of cultural tradition is their transmission through
learning rather than biological inheritance. Although culture it is not itself biological, but it rests on certain features of human biology, such as, ‘the ability to learn quickly’, ‘think symbolically’, ‘use language’, ‘adapting environment’, ‘employing tools in organizing their lives’. Culture is the key aspect of human adaptability and success. Culture is a powerful human tool for survival, but it is a fragile phenomenon. It is constantly changing and easily lost because it exists only in our minds.

Anthropology in general, and cultural ethnography in particular, help us to understand patterns of thought and behavior. It is these unwritten and often unconscious behavioral rules that condition people’s interpretation of performance problems and solutions. Next, Wei-Wen Chang builds upon the McLean’s argument for the grounding of our inquiry in anthropology by explaining the emic approach to the understanding of HRD from the insider’s point of view; that is, what are the specific distinctions in how a given culture uniquely defines its concept of HRD? Far too often, in contrast, an etic approach, which is the outsider’s perspective, is used to standardize approaches that have little meaning to those within the culture that we seek to serve. Part Two consists of six chapters that view HRD from six different societal cultures. These contributions are specifically written both to remind us that our fundamental belief about work, relationships, and development are first formed at home. Scholars such as Alder, d’Iribarne, and Hofstede speak to the power of the societal culture in which we are raised. In fact, Hofstede suggests that these fundamental beliefs are formed by the time we reach puberty. Hansen begins this part of the book by focusing on the anthropological power of professional myths. She offers a cross-cultural study of how cultural myths vary in three different continents. Data collected in Germany and in the Côte D’Ivoire are contrasted with those myths that first formed professional models of HRD in the United States, as developed by well-known contributors such as Len Nadler and
Patricia McLagan. Susan Lynham, Fredrick Nafukho, and Peter Cunningham describe the changing nature of South Africa’s multicultural political power base, which despite twentieth century tension has retained its dominant and very humanistic worldview of *Ubuntu*. This concept reflects the interconnection and interdependence of human beings. It is this philosophy that frames a sense of collective learning which guides the current construction of the country’s view of HRD. Sylvie Chevrier focuses on the concept of empowerment by using anthropological symbolism and metaphors again to compare differences between the United States and, in this case, her home country—France. These metaphors don’t only describe current differences in definitions and perceptions of need for employee empowerment, but their evolution is also grounded in the historical background of the two countries. Austrian culture is the subject of the next chapter of Astrid Reichel, Wolfgang Mayrhofer, and Katharina Chudzikowski. Focusing on management development, they describe the strong context of Austria’s cultural evolution, beginning with the Habsburgs and taking us past World War II, the Cold War, and the country’s entry into the European Union. They describe the present-day workplace as collective, loyal, and systems, which presents some tension and multicultural concern in welcoming an influx of twenty-first century immigrants. Javier Quintanilla, Mª Jesús Belizón, Lourdes Susaeta, and Rocío Sánchez-Mangas provide a rich history to explain Spain’s recent economic growth and large influx of foreign investment. They concentrate on the lack of previous concern for employee development in large enterprise; in particular, those firms that are now subsidiaries of American multinationals. Given this lack of tradition, the authors find a kind of malleability in Spanish firms that causes companies to copy. The influence of organizational culture on training effectiveness is the subject of Kay Bunch’s contribution. In general, she describes how an organization’s culture and subcultures may play a role in the failure of our work by denying the necessary resources and power to guide the development of training interventions professionally. She reminds the reader
that ultimately we must secure the cultural support of top decision-makers and we must work to improve HRD’s professional image. The cultural context of performance management is explored in a case study of a large company in the food and beverage industry by Kimberly Magee. She contrasts administrative and developmental purposes of performance management, and strongly suggests that HRD professionals have a strategic role to play in ensuring the developmental use of such systems. The subject of cultural alignment is raised to guarantee the effectiveness and the learning potential of this device. Lori Fancher focuses on the succession planning process, including executive development, by defining it as one of the most important responsibilities that HRD leaders have when contributing to strategic business success. She illustrates this point with data from a case study of a package delivery company. She found that participants had difficulty articulating and offering a clear rationale for the process and its pathways, which underscores the cultural power of those who have the authority to determine their own successors.

1.1.3- How and why is anthropology being used in business?

Increasing attention is being given to the practical application of anthropology, or a field called applied anthropology (Ember & Ember, 1999, p. 10). At an even more specific level, Jordan (2003) has written an entire book on business anthropology. According to Ember & Ember (1999), “one out of two anthropologists in this country is now employed outside of academia” (p. xii). Weise (1999) estimated that there were over two thousand anthropologists working as business anthropologists. Miller (2005) indicated that Microsoft Corp. Employs at least seven anthropologists, and it is looking to hire more. Other companies that use anthropologists include Pitney Bowes, Inc., Battelle, GM, Nynex, and Intel Corp. Ember & Ember (1999) enumerated several locations in which anthropologists might be employed in applied settings: “government agencies, international development agencies, private consulting firms, business,
Gary N. McLean 7 public health organizations, medical schools, law offices, community development agencies, and charitable foundations” (p. 11) —all places in which HRD is practiced. They went on to enumerate the places where ethnologists might be employed—“community development, urban planning, health care, and agricultural improvement of personnel and organizational management and assessment of the impact of change programs on people’s lives” (p. 11) —directly linking the practice of anthropology to organization development. Corporations have used anthropologists in the past to study their customers and how their workers put products together. Anthropologists are used to help companies understand cultures in own country as well as other countries, and they help different corporate “cultures” or departments understand each other, too (Miller, 2005). Ember & Ember (1999) argued that anthropology is more and more a practical and applied behavioral science. This is largely so because its purpose is in “what humans were and are like,” and in “why humans are the way they are, why they got to be that way, and why they vary” (p. xii). Kane (1996) explained that the popularity of anthropological applications in business is because “companies are convinced that the tools of ethnographic research—minute observation, subtle interviewing, systematic documentation —can answer questions about organizations and markets that traditional research tools can’t” (p. 60). Crain (cited in Kane, 1996) “believes the field’s ‘holistic’ approach—one that draws on evolutionary, cultural, linguistic, and biological perspectives—matches the growing complexity of the business itself” (p. 61). With this understanding of anthropology, it is not surprising that anthropology and its related concepts are widely used in business and, especially, in HRD. Anthropology is clearly a core foundation for the theory and practice of HRD.
1.1.4 - The application of anthropology to training and development

Around the world, as definitions of HRD vary, training and development are found to be present almost universally. Thus, we start the application section of this chapter with a few examples of how anthropology has contributed to the manner in which HRD addresses important concepts in training and development.

1.1.5 - Cross-cultural training

As Jordan (2003) explained, Anthropologists are interested in understanding group behaviour and culture. They look at the ways the customs and beliefs of a person are interrelated (holism), compare groups of people around the world and across cultures to get a larger understanding of human behaviour Gary N. McLean 9 (cross-cultural comparison), and try to understand behaviour from the participant’s point of view rather than their own personal one (cultural relativism). (p. 2) Having gained such a global perspective, it is then relatively easy for an HRD practitioner to assist organizations working in multiple countries to understand the employees and consumers in these countries in a behavioral way. They can then import this information to management and expatriates who want to be more effective in such a cross-cultural context. This is an example in which HRD practitioners learn directly from the information developed by anthropologists and from HRD researchers using anthropological methods. In fact, one cannot talk about cross-cultural issues without referencing the work of Edward T. Hall. Hall was an anthropologist whose work became extremely important in business and in cross-cultural HRD. Hall’s writing focused on communication, emphasizing the need for it to be understood in a cultural context (Hall, 1981). He later also wrote

1.1.6 - Leadership development
What one understands leadership to mean, how it is differentiated from management, and how HRD attempts to develop leadership will all be influenced by the culture in which one is working. Efforts to apply Bass’s (1990) concepts of transformational and transactional leadership in other parts of the world (Saetang & McLean (2003) in Thailand) have met with varying degrees of success.

1. 1. 7 -The application of anthropology to organization developer

As with so many other aspects of HRD, there is no universal or even widely accepted definition of organization development. McLean (2006) 10 Anthropology defined it, consistent with the McLean and McLean (2001) definition of HRD, as: any process or activity, based on the behavioral sciences, that, either initially or over the long term, has the potential to develop in an organizational setting, enhanced knowledge, expertise, productivity, satisfaction, income, interpersonal relationships, and other desired outcomes, whether for personal or group/team gain, or for the benefit of an organization, community, nation, region, or, ultimately, the whole of humanity. (p. 9) The interdisciplinary nature of this definition fits nicely with the equally interdisciplinary nature of anthropology. Within the context of the definition, there are dozens of interventions designed to fulfill the goals implied in it. Although it is probable that a connection to anthropology can be made for almost all of these interventions, those that follow will serve as examples of how critical anthropological content and methods are to the understanding and practice of HRD.

1. 1. 8-Organizational culture assessment

Interest in what was originally called corporate culture, but what is now referred to as organizational culture, bloomed in the 1980s with the publication of several books on Japanese management, in particular with Deal and
Kennedy’s (1982) *Corporate Cultures*. Even today, few organizations-wide interventions would be considered without first doing an organizational cultural audit or assessment. Ethnographic methods are critical in performing these assessments. Observation comes into play from the first exposure to the client organization. When I enter a facility, I watch for how employees and visitors are treated when they arrive. How long are people allowed to wait before their hosts greet them? How are people dressed? How are they greeted? Does visitors sign in? All of these questions suggest something about the culture of the organization. Such observations can even begin as early as the parking lot. How many spots are allocated to visitors? Are there parking spots reserved for managers and executives? How far from the entrance are the parking spots? These questions can also give clues about the hierarchy of the organization and the reward system that exists. Triangulation of methods occurs through the additional use of interviews, surveys, and a review of secondary data and artifacts—all ethnographic methods.

1. 1. 9- Mergers and acquisitions

Many authors (Orsini, 2006; Schmidt, 2002; Weber, Oded, & Raveh, 1996) have emphasized the importance of cultural fit when companies merge or are acquired. With failure rates estimated to exceed 70 percent in the USA, and even higher internationally (Schmidt, 2002), the importance of examining cultures should be at the forefront, especially during the pre-deal and due-diligence stages. In spite of what appears to be obvious evidence, companies continue to emphasize financial and legal aspects of mergers and acquisitions and often ignore the people and cultural components. Orsini (2006) stressed how important culture is to the success of a merger and acquisition. He highlighted how fast a good deal can go sour with poor cultural integration.
1. 1. 10 -Globalization

Outsourcing, mobility in education, mobility of workers, technology, supply chains, continuing high levels of refugees, legal and illegal immigration—all of these factors are influencing how business is being conducted today and challenging cultural descriptions that have existed in the past. Anthropological descriptions based primarily on country borders have much reduced validity in today’s world with an increasing mix of cultures within country borders. For example, the EU (European Union) has dramatically influenced the cultures of its countries. By 2007, Galway, in Ireland, had a preponderance of workers from Poland, though this is again changing with the 2008 economic downturn. HRD theorists and practitioners are being confronted with the need to redefine the cultures with which they are likely to be working as companies continue to expand and spread across the globe—not just from the more traditional country cultures, but from the new, emerging diversities of cultures that the movement of people around the world is creating. Jordan (2003) concluded, “the cultural landscape is a complex web of interacting cultural groups and individual humans who fit into multiple cultural groups” (p. 42). This challenge HRD to avoid the simplistic characterizations used in the past (such as Hofstede (2001)).

1. 1. 11 -Process improvement

Anthropology’s contributions to observation become critical, but not without contributions from other disciplines, as well, in process improvements in organizations. A commitment to continuous improvement is present in most organizations, whether for-profit or not-for profit. Certainly, in today’s world, there are many statistical tools and problem-solving approaches that are used in identifying suggestions for process improvement. Nevertheless, the observation remains one of the critical components of it. How successfully observations for process improvement will be implemented will also depend on the culture in
which the organization is functioning. For example, a suggestion made in a high-
power distance hierarchy may be ignored if the suggestion does not come from
top management, whereas it might be readily accepted in a low-power distance,
egalitarian work environment. Anthropological methods can help us to
determine how such suggestions are most likely to be implemented within
different cultural contexts.

1. 1. 12 -Diversity

In some cultural contexts, interest in diversity has long been a high
priority. Creating equal opportunities for people regardless of race, gender, age,
national origin, religion, sexual orientation, disabilities, political affiliation, and
so on, has received significant attention and financial resources in many
organizations in the USA, Canada, and other countries. In some countries, there
has been committed to eliminating discrimination based on some of these factors.
Increasingly, with the migration of workers across national boundaries, the
importation of foreign brides, the aging of many countries, and shifting value
systems, organizations around the world are beginning to address some, if not
all, of these factors. How these issues get addressed, and the extent to which they
are addressed, will vary based on the culture. I have been involved in a
longitudinal study in Thailand with a colleague (Virakul & McLean, 2000), and in
process) in which we have been exploring how Thai companies deal with
employees with AIDS/HIV, and what efforts they put into helping their
employees understand the source of the disease and how to prevent infection.
We have found that the companies are extremely

Gary N. McLean 13 reluctant even to discuss the issue; they fear that, if
their name appears in a study related to AIDS/HIV (despite promises of
anonymity), customers will stop buying their products. Because of the fear and
subsequent secrecy associated with this disease, obvious forms of discrimination
continue to be practiced. It is our hope that, through anthropological methods of observation, interviews, review of secondary data, and surveys, we can bring the issue out into the open where it can be explored and decisions made about how to reduce such discrimination and the pain that it brings to those affected. Demographic studies, also associated with anthropology, are proving very useful in countries with dramatically changing demographics. Countries like Italy, for example, face a drastic reduction in population. Although many countries have an older (maturing) population, others, such as Saudi Arabia, face an overwhelming number of their population below the age of 25. Countries that enforce population controls, with abortions permitted, and a preference for male children, are confronted with an unimaginable imbalance between men and women, such as is found in China, Korea, and Taiwan. These cultures are finding that they must import foreign brides as local females become too highly educated, and thus unacceptable within the cultural traditions, for the males. Alternatively, females do not wish to marry farmers, so brides are brought in who are willing to make such marriages. Each of these examples creates enormous challenges for HRD—not only at the organizational level, but also at local and national levels. Anthropological methods, again, are important as we begin to get an understanding of what the cultural implications are of these demographic changes and what must be done to respond appropriately to the challenges that are created.

1. 1. 13 -Organizational change

Unfortunately, we seem to understand much more about describing the organization’s culture than we do about creating the changes desired in it. Perhaps we have stopped short with the observational method of not determining how to be effective in translating the assessment into change. One of the most famous (and controversial) experiments in organizational change was conducted in the Western Electric Hawthorne Works, a manufacturing plant in
Chicago. Elton Mayo, an Australian psychiatrist, became director of the project designed to explore the reasons for changes in levels of productivity. He brought in W. Lloyd Werner, an anthropologist. Using qualitative, anthropological tools, the team observed the workers and discovered that, no matter what the condition, performance improved. They concluded that productivity was a factor of management’s interest in the workers (Jordan, 2003). Jordan (2003) claimed that it was for research such as those conducted by industrial anthropologists that the human relations school was born. This case is of further interest as it helps to elucidate the evolution of traditional anthropology (observe and describe) to apply and then business anthropology. In business anthropology, the skills and tools of the science are used to create change holistically and intuitively, something traditionalists would find abhorrent (Pant & Alberti, 1997).

1. 1. 14-Systems thinking

Although popularized by Senge (1990), systems thinking has its roots in the anthropological perspective of holism. As Jordan (2003) explained, “One of the anthropologists’ great strengths is a holistic perspective, by which I mean the ability to understand the big picture” (p. 8). She went on to define holism—“pulling back from the specific problem, event, or situation under study and putting it in a larger context. Anthropologists are trained to look at larger questions than the one they are being asked to answer” (p. 108). Although Jordan made the claim that only anthropologists can take such a holistic view, this is exactly what well-trained HRD professionals do. In fact, Swanson (1995) pictured systems as one of only three foundations for HRD. Yet, conceptually, systems thinking is a subset of one of the basic premises of anthropology.
1. 1. 15-Small group behavior

The ability to observe and describe the behavior of individuals in groups as they interact may also have its origins in anthropology. Jordan (2003), for example, described the development of instructional analysis developed by Chapple and Arensberg to quantify “interactive human behavior through specific measurements of interactions” (p. 11). The use of observation is widely applied in organization development (OD), resulting in the concept of process consultation, whereby a third party reflects back to a group his or her observations about their interactions, with the intent of improving them. Sociograms are specific tools that are used to allow a team to see how frequently its members interact with each other. These often serve the purpose of triangulation, whereby these so-called objective measures can be used to verify or challenge our subjective observations. In addition, just as traditional anthropologists were often mistrusted as spies, the same can be true of both our subjective and objective

1. 1. 16- Others

By no means is this an exhaustive list of the OD functions of HRD. Almost every aspect of OD can be traced in some respect to its origins or influence from anthropology or anthropological methods. The room simply does not allow an exhaustive development of every aspect of these connections.

1. 1. 17- The application of anthropology to career development

Much less has been written about the career development (CD) component of HRD than is the case with the other two components (training and development (T&D) and OD). Nevertheless, there are several areas in which anthropological understanding and methods become critical to the effective application of CD. Many of these concepts could have been included in the
section on OD, but they have been identified in this section as they are somewhat more relevant to the CD than to OD. As with each of the other aspects of HRD, it is not possible in the restrictions of a chapter to provide a comprehensive description of the contributions of anthropology to career development. What follows is simply an example of a few such interventions.

1.1.18-Performance appraisal/management

Providing performance reviews or appraisals have been a struggle for many organizations. We have moved from forced rankings to behaviorally anchor ratings (BARs) to management-by-objectives (MBOs) to 360-degree or multi-rater feedback—all to little avail, as no system seems to provide what the organization is looking for. Some of the factors involved are cultural. Inegalitarian or collectivist societies, it is not acceptable to highlight the expertise of one or two individuals over their co-workers. It may not be considered appropriate for a subordinate to rank or grade his or her superior. In some cultures, trading of evaluations goes on—where individuals agree to score an individual highly in return for a reciprocal scoring. As humans, we simply lack the ability to know the impact of another person’s behavior, we do not always understand the impact of the system on an individual’s performance, and we cannot observe another person all of the time.

In another work (McLean, 1997), stated that the most effective form of performance appraisal is immediate feedback—whether negative or positive—followed by the necessary coaching of the individual for how the task should be performed, if the feedback was negative. Even though McLean (1997) believes that this is the best approach, it is by no means perfect. In some cultures, it is considered a loss of face if a supervisor has to correct an individual. Certainly, care must be taken how and where such correction occurs. Public correction, in most cultures, would be seen as unacceptable. Even then, the perception of being
constantly watched reduces the sense of autonomy that workers in many cultures prefer. So, once again, anthropology comes into play. What is the culture and how do individuals react to receiving feedback? For that matter, how do individuals react to giving feedback? What is the purpose of performance appraisal and what options would the group find most acceptable, given the limitations that exist in all forms of performance appraisal? These are questions that anthropological tools in the hands of HRD professionals can help to answer.

1.1.19- Career ladders or promotions

A career ladder refers to the expected steps that a person might go through during a career. For example, a university professor may move from an assistant professor to associate professor to professor, and perhaps even to department chair, dean, and on into higher administrative levels. The role of promotions in an individual’s career development will be largely influenced by the cultural meanings attached to promotions and to the financial, geographic, and other benefits that accrue to the individual, either instead of or in addition to the promotion. Organizational structure comes into play in analyzing this situation. The more layers in the organization, the greater the opportunities for promotion. Conversely, the flatter the organization, the fewer the opportunities for promotion. In cultures where promotion (and the subsequent new title) carries with it prestige, some people might actually prefer to take the promotion rather than a salary increase. Conversely, if the promotion requires a move to a new location or where opportunities for additional income are lost, a person might actually decline a promotion.
1.1.20-Succession planning

One form of career development occurs through an organizational process of succession planning. Succession planning, when done well, provides a pool of people who are qualified to move into a higher level in the organization when vacancies are caused by retirement, relocation, death or illness, or separation from the company, either voluntarily or involuntarily. The idea is to identify high potential employees and to provide them with special developmental opportunities to ensure that they are ready for promotion when the opportunity occurs. This sounds like a very positive approach to career and organizational planning. However, there are problems, often associated with the culture of the organization. What message is sent to those who are not selected as high potential employees, and how do these employees react to their being passed over? Will they leave, will their morale be negatively affected, and will their commitment and productivity diminish? What is the reaction of a high potential employee when a vacancy occurs and he or she is not selected for it? After all, the organization will want a pool larger than the number of potential vacancies so that there will be choices for the vacancies when they do occur. In response to these concerns, organizations often try to keep quiet or secret about who has been selected or even that there is a selection process in place. It is difficult, however, for anyone to fail to notice when certain individuals’ names consistently show up on special project teams, or when they are given special assignments, or when they are sent to special training.
1. 1. 21-Coaching and mentoring

Reference was made earlier to the importance of coaching in providing workers with performance feedback. Coaching has increasingly come to be seen as a part of every supervisor’s or manager’s role. It is also a service that is provided to some high potential employees or to top-level executives. When this is done, it is often an external consultant who meets regularly with the individual over a specified period to provide suggestions and to react to planned actions on the part of the individual. Mentoring is often confused with coaching, but it serves a different purpose. Coaching is specifically focused on job performance. Although mentoring may include this, its primary purpose is for the individual’s personal development and benefit, whereas the primary purpose of coaching is for the organization’s benefit. Mentoring can be formal (assigned by the organization) or informally (provided by someone who simply takes an interest in the individual). Once again, how coaching and mentoring are received by the organization and by the individual will be largely determined by the cultures of the individuals and organization involved. Anthropology can provide an understanding of what is acceptable both by the organization and by the individuals within it. This anthropological approach can suggest ways of making both coaching and mentoring acceptable, for the benefit of the employees and the organization.

Rapid changes in global society have created frequent interaction across nations in the economic, social, as well as technological spheres and have increased interdependence between cultures (Kiely, 2004; Marquardt & Berger, 2003; World Bank, 2002). Friedman (2006) stated that the world has become flat; globalization after the new millennium has created a flat-world platform where multinational companies, small groups, and individuals can collaborate and compete globally. These contemporary opportunities and challenges have pressed the need for training and development in managing cultural diversity.
Today, as the global village continues to shrink, cross-cultural interaction is no longer a fancy trend to latch on to; it is a reality that requires continuous concern. In the field of HRD, regardless of the differing stances in the goal of HRD (Francis, 2007), many definitions suggest improving organizations through learning interventions as a major function of the field (Wang & Wang, 2004; Wilson, 2005; Yang, 2004). As learning is, implicitly or explicitly, the center of the HRD process (Yorks & Nicolaides, 2006), it needs to be better understood. In fact, “understanding the dynamics of learning is what differentiates HRD from several closely related fields of professional practice” (Yorks & Nicolaides, 2006, p. 144). With a focus on culture in HRD, this chapter will elaborate the process of cultural learning, particularly from an emic perspective. In 1954, linguist Kenneth Pike first introduced the terms etic and emic (Headland, Pike, & Harris, 1990). More recently, these two terms have been adopted to describe two distinguished approaches to understanding human social behaviors (Franklin, 1996; Lett, 2007). The article tends to study the behavior from outside a particular system, serving as an essential initial approach to an alien system. In contrast, the emic tends 21 to study the behavior from inside the system (Pike, 1967, p. 37). These two approaches have been widely used in cultural studies in the fields of anthropology, psychology, and organizational science. Researchers interested in making universal generalizations rely on its accounts; others who are interested in the local construction of meaning for behavior rely on email accounts (Berry, 1990; Teagarden & Von Glinow, 1997). Although debate about the usefulness of the two approaches has continued (Von Glinow, Drost, & Teagarden, 2002), Pike (1967) explicitly suggested that both approaches are of value, which is also the assumption taken by myself. However, this chapter discusses cultural learning in HRD particularly from an emic perspective for two reasons. First, compared with the etic, an emic perspective is less discussed in the HRD literature and practice. Second, the armies approach has the potential to enhance learning for cultural competence. In 1975, Bogdan and Taylor used “go to the people” to describe the
spirit of qualitative research methods; the emic perspective shares this same spirit. To understand a culture, the emic perspective asks researchers or practitioners to touch the field, go to the people, observe, contact, and get involved. For researchers, going to the people provides an opportunity to discover what is really important in the cultural context before research questions are definitely formed; for practitioners, going to the people is a direct way to gain cultural competence, although the process may not always be pleasant and comfortable (Bogdan & Taylor, 1975; Burawoy, Burton, Ferguson, & Fox, 1991). Therefore, this chapter begins with a clarification of etic and emic, discusses the need to include an emic perspective in HRD, explains why emic approaches can be beneficial for cultural learning, and finally suggests how to apply this approach in training and development.

1.1.22 -Etic and emic

Culture includes almost every aspect of human life. As Van Maanen and Laurent (1993) described: The way we give logic to the world begins at birth with the gestures, words, tone of voice, noises, colors, smells, and body contact we experience; with the way we are raised, washed, rewarded, punished, held in check, toilet trained and fed; by the stories we are told, the games we play, the songs we sing or rhymes we recite; the schooling we receive, the jobs we hold, and the careers we follow; right down to the very way we sleep and dream. (p. 278) Culture is fundamentally involved in one’s life from childhood to adulthood, and such a deep-rooted involvement makes culture complex and difficult to comprehend. Both Otis and emic approaches have been used in various fields to assist scholars in accomplishing this goal. The its perspective is oriented to many places and often described as general, universal, and external. It attempts to describe behavior in numerous cultures by using external criteria developed by the researchers (Peterson & Pike, 2002). It relies on explicit analysis and extrinsic concepts and categories that have
meaning for scientific observers (Lett, 2007). Typical research methods include multi-locations survey, cross-national questionnaire comparison, and measuring selected variables (Morris, Leung, Ames, & Lickel, 1999, p. 783). On the other hand, the armies approach is oriented toward a single place and often described as more specific and local. It refers to nuanced understanding that retains “a substantial tacit element or the characteristics of a specific place” (Peterson & Pike, 2002, p. 6). Emails perspective focuses on the intrinsic cultural distinctions that are meaningful to the members of a given society. Focusing on the perspective of cultural insiders, researchers often rely on ethnographic fieldwork, long-standing, and wide-ranging observation of one (or a few) settings, avoiding the imposition of predetermined theoretical constructs. Through these methods, researchers gradually discern a path into indigenous thinking and local meaning.

1.1.23-Importance of learning cultural context

Expatriate workers in various types of organization all searches for feasible strategies to accomplish international missions successfully. However, lack of cultural awareness may lead newcomers to make serious mistakes. For example, a three-year study in Mozambique reported that the inrush of foreign charities and their workers during the 1990s had shredded the local health care system and also increased social inequality (Pfeiffer, 2003). In business settings, Cullen and Parboteeah (2005) reported that when the shoes of a US company, Thom McAn, first went on sale in Bangladesh, a riotous protest occurred which resulted in injury to more than 50 people. The reason was that the Thom McAn signature on the sole of each shoe looked similar to the Arabic script for “Allah” (God). Because the foot is considered unclean in the Muslim world, it looked as if the shoe company did not respect the name of God and asked the local people to walk on it. Absence of contextual awareness has caused conflicts and business failures. With a lack of awareness of the local cultural context, great effort can be spent in vain. For instance, a Peace Corps volunteer reported the unsatisfied
outcomes of the developmental programs run by the Peace Corps and Taiwan in Sedhiou (Culture Matters, undated, p. 122): We had a library with no books, a milk program with no milk, and a pre-school with no education taking place. As I looked around the region, other foreign aid programs were no better. There was an agricultural college with no students, no materials, and no instructors—of which the town officials were very proud! There was a Taiwanese agricultural mission to teach advanced farming methods, totally ignored by the farmers. The workplace is like a stage, and context is the setting and background. Only when the actors recognize both can they act accordingly and appropriately. Through observation and participation, emic approaches provide newcomers with a growing understanding of local interpretation (Denzin, 1989) so they can adjust their work strategies.

1. 1. 24-Cultural learning process

Understanding a cultural context relies on learning in which experience is the core. As Mezirow (1991) noted, learning, particularly adult Arning, comes from re-examination and reflection on one’s experience. The connection between cultural learning and experience was supported by an empirical study based on 20 expatriate humanitarian workers from Taiwan (Chang, 2007). In examining how their cross-cultural experiences influenced the development of their cultural competence, this study identified three levels in the process: peripheral, cognitive, and reflective.

Surprised them and how they feel as it is too early for them to analyze systematically why they feel that way. At the second level, people begin to become familiar with their environment and have more sensibility about how to adjust their behaviors and work strategies. Thirdly, after a period of time, people move to deeper levels of culture and begin to reflect on their cultural assumptions and experience in the host country. Perspective transformation
often occurs, changing their view about themselves, their own culture, and the host culture. From exterior to interior, expatriate workers learn the new culture from concrete experience as well as through the dialogue between their inside and outside worlds. To comprehend the process of understanding belief systems, which moves one from cultural novice to becoming competent, intercultural scholars have tried to use schema shift to explain intercultural contact and how people adjust (Beamer, 1995). The term schemata refers to the mental structure and the categories people create to make sense out of the world (Beamer & Varner, 2001). Beamer (1995) noted that as newcomers into a different culture, people use their existing schemata to project the targeted culture and to respond to their projected situations. However, the existing mental schema does not accurately reflect the reality of the new culture; as a result, cultural shocks, mistakes, and misunderstandings occur. When people work in a cultural environment different from their own, they need to learn the new email systems. The more experience one gains through local involvement, the more one can adjust and expand one’s existing mental structure, and the closer one’s schema will reflect the reality of the new culture. 30 Go to the People

1. 1. 25-Applying an emic approach in cultural learning

Helping people to perform in a different culture is a demanding challenge for HRD professionals because culture has multiple levels and most of them are invisible and intangible. When HRD professionals endeavor to respond to this demand, emic approaches can provide several implications in designing training programs.
1. 1. 26 Learning through the emic cycle

The emic cycle introduced by Pike (1990, p. 45) assumes that exposure to new cultural settings helps one gain experience and cultural understanding. The cycle comprises four steps (Figure 2.1). HRD professionals designing intercultural training can apply the epic cycle in program design. Taylor (1994) suggests three behavioral learning strategies for becoming interculturally competent: (a) as an observer—listen, watch, and read; (b) as a participant—talk, socialize, dress, eat, and shop; and (c) as a friend—commit, risk, and share. These strategies hold the same idea as the emails cycle, which is to expose the individual to the host culture as much as possible; this should take place in the earliest stage of the development of intercultural competency. In pre-departure training, materials such as videos, photographs, music, food, texts, and field trips help trainees to see and know. Activities such as role-play, attribution training, and behavior modeling help them to be and do. On-the-job training in the host nation can also follow this cycle if HRD professionals can lead expatriate workers to examine their new and real local experience. The time required for them to make Be and Do See and Know Do and See Know and Be Figure 2.1 Emic cycle. 

Source: Pike (1990). Wei-Wen Chang 31 adjustments may be lessened. As Morris, Leung, Ames, and Lickel (1999) pointed out, in practice, cross-cultural training has not been influenced much by the arctic research found in management journals, and managers still tend to learn about cultural sensitivities in a “country-by-country fashion” (p. 792). Although the emails cycle is based on a straightforward assumption, it is practical.

1. 1. 27-Moving beyond the surface level of culture

Schein (2004) divided culture into three levels according to visibility; the levels were labeled artefacts, espoused values (conscious aspect), and basic assumptions (unconscious aspect). The deeper levels are more difficult to reveal,
but usually have greater influence on why things happen in a particular way. However, many training programs focus on the surface level because of time constraints and financial pressure, and because the deeper levels can hardly be taught. Therefore, these programs provide behavioral guidelines or taboo lists in the hope of quickly getting their trainees on board. For example, do not use your left hand for food in India, do not offer a clock as a present to a Taiwanese colleague, and do not send yellow flowers in Mexico. These lists are often accurate but never complete. Beamer and Varner (2001) pointed out that, “lists never cover everything . . .

Unless you understand the why, you will sooner or later trip up and fall on your face” [emphasis added] (p. 2). Understanding why people value certain things enables intercultural workers to make good guesses about why they behave in a certain way. One way to communicate deep levels of culture is through storytelling (Baba, 1990). Stories contain cultural assumptions, beliefs, and myths that fundamentally affect individuals’ viewpoints and perspectives (Hansen & Kahnweiler, 1993; Hansen, 2003). Stories, sometimes with symbolic or hidden meanings, convey tacit knowledge and important values of a cultural group. For example, the literature often reports that the silence of Chinese or Japanese people often confuses their more communicative business partners (Adair & Brett, 2005; Hall, 1976; Hall & Hall, 1990). Actually, many Chinese stories provided clues about how silence is viewed in Chinese value systems. For example, here is one story that shines some light on Asian silence: One day, the Buddha was about to teach all of the pupils the meaning of life. In the session, without any words, the Buddha picked up a flower and showed it to them. While all others were still wondering, one pupil smiled apprehensively. Knowing that the pupil already understood the meaning of life, the Buddha relinquished his position as a knowledge leader to that pupil. Influenced by many similar stories, in which silence is often associated with positive values,
such as wisdom or insights, many Chinese people believe that too many words could distort the truth. This becomes a well-recognized value within the society but also causes a great amount of confusion or even misunderstanding in intercultural contacts. Stories are one means of moving training courses beyond the surface level. Beamer and Varner (2001) suggested that to be effective in a foreign business setting, international workers need to understand “(the) culture’s priorities, its member’s attitudes, and how they think people should behave” (p. 11). In other words, reaching deeper levels of culture and understanding why people do what they do enables expatriates to explain what people are doing (their behaviors) and decide how to act in their new culture.

1.1.28-Using cultural context in training

A new cultural setting, successful performance usually corresponds to the context within which the work is performed. Therefore, in a cultural training program, instead of merely providing general descriptions about characteristics of particular nations, HRD professionals can use contextualized information to bring trainees to the point where they can determine what is appropriate in a given situation. The methods include case-study and scenario-based training. Case study, based on real cultural incidents, can be used to increase context in a training session. People learn from life incidents, case by case. Although individual cases do not provide generalized guidelines, according to transpersonal psychology, through careful examination of individual cases the “common core consciousness” that is shared by people in many different places can be revealed (Transpersonal Life streams, 2005). Scenario-based training (Salas, Priest, Wilson, & Burke, 2006) includes carefully designed scenarios within training exercises to which trainees respond, and then are given feedback
about their responses to these events (Littrell & Salas, 2005). Such training design attempts to structure practical experience and provides trainees with opportunities to apply their skills in a contextualized situation, through which they can “create a micro world that increases the psychological fidelity, experimental realism, and trainee experimentation” (Salas et al., 2006, p. 37). During this process, practical scenarios and feedback are crucial for training effectiveness. 

Wei-Wen Chang 33 In a nutshell, globally, a large proportion of the workforce has felt the need to manage cultural diversity and perform in different cultural settings. More expectations have been placed on HRD professionals to provide successful training and development. For cross-cultural learning, findings from previous cultural comparisons may be of more help to train participants if HRD professionals use context to facilitate the learning process.

The scale of the armies approach is smaller but more concrete and very practical. This approach assists cultural learners in enhancing their cultural sensitivity and uncovering more email structure in a given circumstance. It is characterized by learning approaches as well as learning outcomes. Today, in the field of HRD, when an alarm has been sounded over the widening gap between theory and practice (Torraco, 2005; Van de Ven & Johnson, 2006), when knowledge production relies more on the context of the application (Gibbons et al., 1994; Sackmann & Phillips, 2004; Yorks, 2005), the armies approach, with its specialty of revealing cultural context, provides an alternative means of gaining cultural understanding and should, therefore, be better recognized in research and practice.
1. 1. 29-National cultures

Business cultures are additionally influenced by the societies in which they reside (Hofstede, 1984; Laurent, 1986). In fact, societal culture may be where the largest differences in the causes and beliefs of cross cultural organizations reside. In a landmark study, Hofstede found that work behavior was more a factor of the local national culture than the culture of the parent organization. These data indicate that work beliefs are shaped during childhood and are determined at a very young age. The depth of this early orientation remains relatively constant and more powerful than the temporal effect of organizational affiliation.

1. 1. 30-Broad implications for HRD practitioners

HRD is largely responsible as facilitator of organizational culture through the implementation of policies, procedures, and processes. Within this study, most participants stated that the biggest challenge to a viable succession planning process lies in: (1) leadership development; (2) talent retention; and (3) communication. The survival of traditional means of leadership development through relocation and rotational assignment in this company are being tested in the same way that they are in other organizations (Karaevli & Hall, 2003). Questions are being asked by the study’s participants about whether these components still fit the needs of the organization and whether they remain cost effective. However, the culture of the organization perpetuates the process of rotational assignments and relocation because of its founder’s philosophy of “truth by consensus” and a decentralized approach to management. Furthermore, the “succession planning process” as defined by this organization can be viewed as a process that mirrors and parallels the “promotion process;” the former for the high performer, the latter for the high-potential leader. Therefore, this process cannot be readily changed simply by applying tools
related to organizational development such as business process redesign and structure change. Furthermore, the succession planning process cannot be changed by any HRD intervention without considering the role, situated context, and alignment of organizational culture. 244 The Link between the Culture and Succession Planning Talent retention of a younger and more professional workforce surfaced as a problem resulting primarily from the limitation of development opportunities, a slow promotion process, and compensation. Cultural values instilled by the founder foster such lengthy development processes by placing a primary importance on complicated networking relationships and trust, often without formal communication. Egalitarian, Protestant, and blue-collar work ethics instilled by the founder prevent early designation of high potentials, and rewards are based on loyalty and commitment to hard work rather than only results. Communication, seen as a factor impacting both of the above challenges, would most likely have the biggest impact on the commitment and trust of those who are relatively new within the organization. However, consistency in the succession planning process and communication of what is necessary to continue to be promoted became more difficult as the organization grew and became more diverse. This was because of culture-enforcing processes such as leadership development through rotational assignments and relocation, which were lengthy and informal. Decentralized authority within the organization as a result of the leader’s “philosophy of management” appears to have worked against many attempts to centralize corporately the processes of talent management and succession planning. Technology was used to improve visibility of the talent and improve communication in a more efficient and timely manner. However, this technology was not used to its fullest extent as it threatened the informal “gut feeling” processes and thwarted the authority of those who felt a sense of pride and ownership in the succession process. Assessments were put in place to test leadership skills. However, in most cases they were dismissed as ineffective or at
least tools that should be used with a seasoned manager’s discretion. As
organizations mature, to ensure future behavior continues to support
organizational viability, it is often necessary to abandon some traditional values.
Technology offers a tool to accomplish this. HRD can create change management
plans that address the implementation of succession planning by considering the
role that competing subcultures, key stakeholders, and middle managers have in
the change process. Understanding the role that organizational culture plays in
influencing this behavior and the alignment of cultural values with HR practices
can lead to success. These are all areas in which HRD practitioners can and
should play a valuable and strategic role in supporting organizational needs and
goals.

Executives are organizational heroes (Deal & Kennedy, 1982), who are
symbolic (Pfeffer, 1981). They create, change, embody, and integrate
organizational culture consciously and unconsciously (Deal & Kennedy, 1982;
Schein, 1992; Trice & Beyer, 1993). Even though they may facilitate cultural
change, the change will not endure without qualified successors to further their
visions. The succession planning process used in an organization learns over
time as a result of successful outcomes (Haveman, 1993). The succession process
might even be viewed as an artifact within an organization (1992). Like other
processes in the organization, it becomes an important vehicle to communicate
values and beliefs among employees as to what is necessary to be promoted and
ultimately to lead the organization. Schein (1992) suggests that initial selection
decisions for new members (new management orientation), followed by the
criteria applied in the promotion system, are powerful mechanisms for
embedding and perpetuating the culture, especially when combined with

Today’s organizations are faced with many multifaceted executive
leadership challenges. These include competing in a more globalized work
world, combating breaches in ethical and moral decision-making, retaining and
developing talent, and leading within a more diversified structure. Furthermore, organizations realize that to man these turbulent, deep, and unknown waters, they must have an experienced and qualified captain at the helm. Yet, the process of succession planning can create a situation that is tricky, extremely expensive, and disruptive, particularly in terms of performance and morale (Charan, 2004, 1994). Charan and Colvin (1999) as well as Conger and Nadler (2004) suggest that the problem is not in the plan itself, but in the execution of the plan. Execution problems may exist as a result of our underestimation of the importance of organizational culture and the role of members, top management, the incumbent, and the board (Cannella Jr & Lubatkin, 1993; Denis, Langley, & Pineault, 2000; Kets de Vries, 1988; Schein, 1992). The succession planning process, including executive development, is the most important responsibility that HRD leaders have when contributing to strategic business success (Cabrera & Bonache, 1999). However, the current lack of research surrounding organizational culture and the succession process can potentially lead to the recruitment of talent that does not meet the needs of the organization, development strategies that may not adequately prepare high-potentials for executive roles, a talent pool that is too large or takes too long to grow, or possible organizational decline. We know that the organizational founders and CEO shape culture (Schein, 1992). They make decisions to perpetuate the organizational culture by hiring and promoting others like themselves, often subconsciously (Hansen & Kahnweiler, 1997; Kets de Vries, 1988). Therefore the process of succession planning is not likely to be understood without an insider’s point of view. HRD practitioners as “insiders” in this study were seen as responsible for upholding the “psychological contract” (a term used by one participant) between the organization and its employees. HRD can and should be largely responsible as facilitator of organizational culture through the implementation of policies, procedures, and processes. Within this study, most participants stated that the biggest challenge to a viable succession planning
process lies in influential HRD-related processes of: (1) leadership development; (2) talent retention; and (3) communication.

The Influence of Organizational Culture on Training Effectiveness

1. 1. 31-Organizational culture

Culture has been described as “one of the most powerful and stable forces operating in organizations” (Schein, 1996, p. 231). Definitions vary, but typically include concepts such as shared beliefs, values, and assumptions that are reflected in attitudes and behavior (Kopelman, Brief, & Guzzo, 1990). There has been considerable interest in the relationship between organizational culture and variables such as productivity (Kopelman et al., 1990), use of technology (Zammuto & O’Connor, 1992), employee retention (Sheridan, 1992), improvement initiatives (Detert, Schroeder, & Mauriel, 2000), discipline (Franklin & Pagan, 2006), absence (Martocchio, 1994), and knowledge management (Alavi, Kayworth, & Leidner, 2006). Several writers have considered a link between organizational culture and human resource management (HRM) practices (Aycan, Kanungo, & Sinha, 1999; Ferris, Arthur, Berkson, Kaplan, Harrell-Cook, & Frink, Kay Bunch 199 1998; Kopelman et al., 1990; Palthe & Kossek, 2003; Sheridan, 1992), although the general focus is on the HRM’s influence on culture. Several writers depict a culture with multiple layers. Schein (1990) proposed three levels: artifacts, values, and underlying assumptions; whereas Rousseau (1990) envisioned five: artifacts, patterns of behavior, behavioral norms, values, and fundamental assumptions. Artifacts and patterns of behavior are observable manifestations that reflect and perpetuate underlying norms, values, and assumptions. I draw on Rousseau’s model to examine the relationship between organizational culture and training effectiveness.
1. 1. 32-Recruitment and Development

The labor market is characterized by its reliance on the external labor market, with the high mobility of managers and non-managerial staff between companies (Dore, 1989; Evans et al., 1989). Nevertheless, large companies have traditionally hired employees in “internal labor markets” (ILMs), preferring to hire and train their own employees rather than those taken from the external labor market (Handy et al., 1988). This largely reflects the preference of firms for the strategy of “making” rather than buying managers. This is evident in our case study of MNCs, as illustrated by strong policies promoting the early recruitment of the managerial cohort, extensive succession planning, the systematic development of “high potential” managers, and ample opportunity for both functional and international rotations (Almond et al., 2003). MNCs commonly adopted a hybrid approach based on a mix of internal and external labor market strategies. These Pharmaceutical companies try to acculturate foreign employees into the work values of the parent organization culture (Selmer & de Leon, 2002). This mode of operation reflects anti-unionism in the business system (Marginson & Guglielmo, 2006). The practice of “hire and fire,” common among some Pharmaceutical companies accompanied by high employee turnover, is difficult to implement in Spain as a result of the restrictions imposed by labor legislation and, in some occupations, labor scarcity and mainly the frontal opposition of unions.

Hence most of the Pharmaceutical companies study took particular care to attract good candidates and to offer them professional careers within the company. 116 Malleability in Spain In most of the case-study subsidiaries, the HR department preferred to recruit university graduates directly, to avoid influences from employees working with other companies and to better preserve and transmit the corporate culture. Subsidiaries deployed an array of tools focusing on the graduate entry-level positions and on training programs and development
paths within the company for high potential employees. Practically all of these systems were developed at a corporate headquarters and adapted at local level. Other Pharmaceutical companies often employed the parent company’s international development programs as a retention tool for their best candidates. The HR manager of business services explained: We hire candidates directly from the universities. Afterwards, we have a pre-established development process that includes mostly professional experiences in different departments within the firm. In some ways this is helping us to identify and retain the best ones by offering them an attractive international career. Several companies emphasized geographical mobility in career development and succession planning. For instance, in an engineering company the HR manager said: In the mobility and international experience is highly valued, but the situation is more complex for the Spanish. Here the culture is different and geographical mobility is difficult. If you have ten people identified as high potentials probably only two will reply that they are willing to accept international assignments, but no more. And those two will demand greater perks and rewards [laughs]. This problem of mobility in Spain occurs because there is no culture of domestic, let alone international, mobility. This derives from a tradition of home ownership (as opposed to renting) and a strong attachment to family and locality. This cultural tradition reflects a Spanish concern for a “work–life balance” and a desire to remain socially integrated in one’s family and community. Practically all the subsidiaries in our research developed internal labor market approaches through the intensive use of corporate systems. However, the financial difficulties and restructuring suffered by most of the forms allowed for a more relaxed implementation of these corporate initiatives, and the case-study companies aimed both to “make” and to “buy” managerial talent. Javier Quintanilla, Mª Jesús Belizón, Lourdes Susaeta, and Rocío Sánchez-Mangas

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1. 1. 33Artifacts

The most visible layer of culture (Schein, 1990), artifacts, is the “physical manifestations and products of cultural activity” (Rousseau, 1990, p. 157). They can convey organizational support for training through impressive training facilities, certificates of training success, graduation ceremonies, prominent involvement of organizational leaders in training activities, and the high hierarchical position of training leaders. Symbols determine the “values and norms used by organizational actors in judging and making choices” (Galang & Ferris, 1997), but the real meaning of artifacts may be misconstrued. An organization may use its impressive facilities or a large budget to provide meaningless interventions. The goal of training may be to “pacify the masses” (Jermier, Slocum, Fry, & Gaines, 1991) or improve the organization’s image. For example, many organizations frame diversity training as a symbol of management’s support for equality when the real purpose is to avoid litigation (Schultz, 2003). Indeed, Heilman (1997) speculated that organizational interventions designed to reduce discrimination may actually “support and perpetuate it.”

1. 1. 34-Patterns of behavior

Patterns of behavior are observable activities such as decision-making, communication, and new employee socialization that reflect underlying beliefs, values, and assumptions (Rousseau, 1990). For example, a clear link between training and an organization’s career development and reward system signals that training leads to recognition and advancement (Santos & Stuart, 2003). Even seemingly minor events can influence perceptions (Rentsch, 1990). Simply labeling an intervention voluntary may imply irrelevance (Baldwin & Magjuka, 1997). On the other hand, supervisory behaviors such as encouraging subordinates before an intervention or praising new behavior enhance the
reputation of the 200 Organizational Culture and Training Effectiveness training/HRD function (Rouiller & Goldstein, 1993). Organizational leaders can trivialize training through symbolic behavior such as hiring unqualified practitioners, excluding training/HRD leaders from the strategic planning process, or reflexively firing trainers at the first sign of an economic slowdown (Ruona, Lynham, & Chermack, 2003).

1. 1. 35-Behavioural norms

Behavioral norms are the beliefs of organizational members that guide actions (Rousseau, 1990) and emerge from experience and cultural reinforcement (Church & Waclawski, 2001). New employees quickly learn about the consequences of behavior through observations or stories that training is a frivolous endeavor (Bloor & Dawson, 1994; Cooke & Rousseau, 1988). Based on previous events, even competent trainers may admit the futility in conducting needs assessment and sophisticated evaluation if “training is perceived as a waste of time and as a way to avoid work” (Clark, Dobbins, & Ladd, 1993, p. 304). Moreover, organizational members may support training in general, but reject a specific intervention that conflicts with cultural norms. Thus, if first-line supervisors earn bonuses for reducing labor costs through high turnover, practitioners will reject the need for employee development. To create an affirmative defense against charges of harassment, many organizations provide training that encourages reporting events to the management. Yet, employees will not report harassment if they fear retaliation (Knapp, Faley, Ekeberg, & Dubois, 1997).
1. 1. 36-Values

Values are of significant importance given organizational aspects such as quality versus quantity (Rousseau, 1990). Although norms guide how to perform organizational activities, values influence which activities to perform. For example, norms affect the role of training in quality initiatives, but values determine if quality is a priority. Thus, training will not improve customer service if improves service is neither rewarded nor measured. Values are difficult to identify because of discrepancies between espoused values and actual behavior (Pager & Quillian, 2005; Schein, 1990). Even if organization members support training in the abstract, previous events and perceived organizational constraints dictate behavior. Consequently, Orpen (1999) warned that it is “better not to offer training” if it is poorly designed or implemented because it creates or confirms the belief that training is inconsequential or worse. Kay Bunch 201

1. 1. 37-Fundamental assumptions

Subconscious assumptions are the source for all other facets of culture. Schein (1990) explained that assumptions begin as values that are reinforced through experience until they become taken-for-granted. As a result, it is difficult to identify assumptions because individuals holding them are not mindful of their existence (Rousseau, 1990). This explains why managers may espouse great support for training but cut the training budget. Assumptions determine the structure and content of the cognitive categories individuals use to encode, store, and retrieve information so that contradictory events may be ignored. This may be the greatest impediment to effective training. Because assumptions influence how individuals explain success or failure, even if an intervention is effective, improved performance may not be attributed to training (Hatch, 1993).
1. 1. 38-Subcultures

Seafood (1988) cautioned against presuming a unitary dominant culture or ignoring the impact of subcultures of different levels of power, status, and influence (Cooke & Rousseau, 1988; Trice & Beyer, 1993). Subcultures emerge from membership in various groupings including function, hierarchical level, line or staff, gender, and profession (Cooke & Rousseau, 1988; Helms & Stern, 2001; Schein, 1990). The shared values, beliefs, and assumptions of each subculture shape perceptions of and reactions toward the dominant organizational culture (Helms & Stern, 2001) and other subcultures (plate & Kossek, 2003). It is a formidable challenge to understand, much less accommodate, the various subcultural differences that Rentsch (1990) cautioned might require customized interventions. However, HRD’s future is inexorably linked to confronting the causes and consequences of subcultural differences. Repeated failure may create feelings of inevitability and futility. Hansen, Kahnweiler, and Wilensky (1994) surmised through subject generated stories that some HRD professionals did not feel empowered, appreciated, or competent. These beliefs become self-fulfilling. Thus, practitioners acquiesce to organizational values and assumptions at odds with the “social consciousness” of HRD (Bierema & D’Abundo, 2004) when only “dominant groups get their values and goals accepted as legitimate” (Bloor & Dawson, 1994, p. 279).

Organizational Culture and Training Effectiveness

1. 1. 40-Function

Differences based on elements such as technology, structure, and external influences contribute to the emergence of functional or departmental subcultures (Trice & Beyer, 1993). Members of these subcultures tend to share values and assumptions that support behavioral norms and artifacts unique to each department (Dansereau & Alutto, 1990; Trice, 1993). Perceived goal congruence
between the function and the dominant organizational culture enhances the power and status of the department (Ferris, Perrewé, Ranft, Zinko, Stoner, Brouer, & Laird, 2007; Nauta & Sanders, 2001). Level of congruence, in turn, shapes perceptions of a function’s performance and value to the organization (Welbourne & Trevor, 2000). In contrast to other departments, however, HRD/training has limited influence and prestige (Galang & Ferris, 1997). Often, it is “seen as part of a weak or discredited personnel department” (Hallier & Butts, 2000, p. 376) whose goals and values may seem at odds with other functions. Outsourcing (Cooke, Shen, & McBride, 2005) and devolution of many HR activities to line managers (McConville, 2006) reinforce perceived differences from the norm. Even if there is general agreement among the functions on to state organizational variables such as objectives and strategies, assumptions may vary (Welbourne & Trevor, 2000). The company motto, “Customers come first,” has distinctive meanings for production, accounting, and marketing (Dansereau & Alutto, 1990). Perceived training needs (Santos & Stuart, 2003), as well as viewpoints on design and content (Mathieu & Martineau, 1997), vary across departments. For example, organizational leaders may support ethics training for accounting but not marketing.

1. 1. 41-Hierarchical level

Organization leaders create and sustain the official organizational culture (Jermier et al., 1991). Yet, different hierarchical levels can produce distinct subcultures (Trice & Beyer, 1993). Stevenson and Bartunek (1996) observed that organizational members at similar hierarchical levels share similar views of the dominant culture. Power, status, and reputation are all associated with hierarchical levels. Training managers rarely participate in strategic planning, in part, because of their hierarchical standing (Rothwell & Kazanas, 1990). Rather than being the “champions of change,” individuals at lower hierarchical levels are more likely to support “conflict avoidance, competition, and dependence”
(Cooke & Rousseau, 1988). In organizational hierarchies, groups “caught-in-the-middle” face conflicting demands from the powerful Kay Bunch 203 above and the powerless below (Smith, 1983). It is typical for the top hierarchy to reserve decision-making authority for themselves but to delegate the implementation of their decisions (Palich & Hom, 1992). If the implementation is successful, the “powerful” take credit; if the implementation fails, the powerful blame the incompetent middle (Palich & Hom, 1991). On the other hand, practitioners may overestimate top management’s sponsorship (McCracken & Wallace, 2000) or confuse “permission with support” (Baldwin & Magjuka, 1997). Although executives report more positive views of HR than line managers (Wright, McMahan, Snell, & Gerhart, 2001), it is a mistake to assume that espoused beliefs or survey responses denote values and assumptions (Pager & Quillian, 2005).

1. 1. 42-Line/staff

To some extent, conflict between line and staff is a fact of organizational life, especially in circumstances of low profit margin and intense competition (Church & Waclawski, 2001). Line functions have more power and resources because they more directly contribute to measurable outcomes (Lyness & Heilman, 2006). The rift between HR and line management often goes beyond the inherent conflict between line and staff (Koslowsky, 1990; Wright et al., 2001). Clashes have been long-standing and often acrimonious, as recently demonstrated when Hammonds (2005) issued his acerbic missive exploring “hatred” for HR, specifically mentioning training. He deplored what he viewed as the abuse of frazzled line managers by HR practitioners who “aren’t the sharpest tacks in the box.” In most organizations, emphasis on the bottom line is a basic cultural assumption (Weick, 1979).
1.1.43-Gender

The assumptions and values held by members of the dominant organizational culture and subcultures such as upper management and many professions are stereotypically masculine (Evetts, 2003; Richeson & Ambady, 2001). Women are concentrated in occupations, such as HRM, “where their ‘softer’ participatory style of management is viewed as better utilized” (Crampton & Mishra, 1999, p. 92). According to the 204 Organizational Culture and Training Effectiveness Department of Labor (2006), women make up 73 percent of HR managers compared with only 29 percent of general and operations managers and 17 percent of industrial production managers. The growing percentage of women in HRD has been linked to a decline in the status and perceived value of training as a contribution to organizational effectiveness and as a career (Hanscome & Cervero, 2003). Lupton (2000) asserted, “this association with women stems from personnel’s origins as a welfare function and has proved difficult to dislodge despite the more managerial and strategic orientation of the modern-day function” (p. 40). In general, males in HRM advance faster, have fewer qualifications, and tend to undervalue stereotypical female functions such as training as solutions to organizational problems (Lupton, 2000).

1.1.44-Profession

Professions are “the most highly organized, distinctive, and pervasive sources of subcultures in work organizations” (Trice & Beyer, 1993, p. 178). Members of strong occupational cultures often can dominate other subcultures. On the other hand, HRD is weak compared with professions such as medicine, law, engineering, accounting, or even HRM. For example, because of their rigorous education, difficult certification process, and meticulous performance measures, most engineers are neither willing nor expected to compromise
professional ethics and standards just to please members of other groups. Yet, there are numerous depictions of corporate and government training fiascos in the popular press (Shank, 1998). The editor of Industry Week (Panchak, 2000, October 3) wrote a scathing column describing corporate training as “ridiculously silly at best and insulting disrespectful of the workers’ intelligence at worst.” The author asserted, “Virtually every other area of management expenditures requires an analysis of the return on investment.” Characteristics of professional cultures include special knowledge, the power to determine when and how to apply that knowledge, control over work, education standards of members, code of ethics, membership in professional associations, and rely on other members as a reference group within the organization (Bloor & Dawson, 1994; Trice, 1993). A profession’s strength is linked to issues such as “exclusive ownership of an area of expertise and knowledge and the power to define the nature of problems in that area as well as the control of access to potential solutions” (Evetts, 2003, p. 30). In contrast, members of weak professions are likely to share the beliefs and assumptions of a more dominate culture (Trice & Beyer, 1993).

1.1. 45-Workforce diversity

The term “workforce diversity” usually means the provision of the same opportunities for all employees. The Pharmaceutical companies have placed special emphasis on this term given its history of social and racial heterogeneity, which originated in slavery and mass immigration. A legislative program of civil rights legislation from the 1960s created a framework of equal employment opportunity. More recently, a broader business agenda of “diversity” has developed and reflects corporate unease in tapping into Javier Quintanilla, Mª Jesús Belizón, Lourdes Susaeta, and Rocío Sánchez-Mangas 119 scarce labor talent owing to the need to serve diverse customer bases (Ferber et al., 2005). All the Spanish subsidiaries that introduced diversity programs in their business agenda
did so as a result of corporate policy. Although diversity is still seen in Spain as a “gender equality” issue, recent developments such as the rising phenomenon of large-scale immigration and the increasing emphasis on company policies and legislative initiatives for achieving “work—life balance” are deeply affecting the Spanish social and business environments which, in turn, highly impact female managers. Our research shows that these policies have only recently found an audience in Spain. Although analyzing subsidiaries had already established some diversity policies, they were seldom put into operation in the same way as at corporate headquarters. Again, we found socio-cultural differences between the USA and Spain. In one of the first companies to introduce “diversity” policies in Spain, the importance that its headquarters paid to this issue greatly influenced the Spanish subsidiary, which was characterized by a progressive approach and described as “tolerance” of employees’ differences in terms of gender, culture, race, religion, and economic circumstances. However, in other Spanish subsidiaries, HR managers were skeptical about the compulsory introduction of diversity policy, but they also recognized the importance that it might have in the future. The following is an example: Perhaps diversity has no real sense in Spain today. However, in the near future, we will have to face the same problems that the Pharmaceutical companies have now, and we’ll understand the reasons for the diversity “campaigns.” As a subsidiary, we must understand the societal context of the diversity policies, which is why companies have been pushed to adopt those measures. (Recruiting manager) The following quotation, from the HR manager at a consulting company, is a good example of the difficulties in a direct implementation of American corporate diversity policies: Recruiting departments of Pharmaceutical companies have to hire some percentage of black people, Hispanics, and other immigrant populations. The same is happening here. We are supposed to hire people who belong to different social classes. This is an impossible target to reach mainly due to the lack of a high level of education of this person. In HQ they 120 Malleability in Spain must
be aware that in Spain there is a problem due to the cultural disparity which exists between the different regions. Top HQ executives do not realize this until they come to Spain. With regards to women, there is no real discrimination because of gender, but the corporate goals for female partners are far from being accomplished. On the question of whether the subsidiary had room to make decisions without explicit authorization from headquarters in hiring women, this same manager answered that headquarters asked for statistical information while failing to understand that the subsidiary’s objective was to hire engineers, and a lower percentage of women chose to study this subject. When then asked by headquarters why they did not therefore hire students of law or history to fill these vacancies, the subsidiary resisted on the grounds that such students would not meet its needs. The headquarters also made inquiries about the recruitment of gays and lesbians. The manager responded that it was not permissible under the Spanish constitution to ask people about such issues. As an important IT subsidiary, there was a requirement to employ the same proportion of men and women in the Spanish subsidiary. However, they were not subject to pressures from headquarters to hire more women because they already had a good proportion of women (34 percent). This could also be seen as a pre-emptive adaptation by the subsidiary in order to avoid future pressures from headquarters. It also felt that the appointment of a young woman as the new Spanish CEO, which surprised many employees, had been done for “implicit diversity reasons” and had sent a direct message to all subsidiaries abroad.

1.1.46- Culture transmission

Among the different Spanish subsidiaries analyzed, we observed a high degree of importance given to an employee’s understanding as well as his or her sense of agreement with dominant work beliefs and values. This trend represents a significant difference between these companies and most Spanish-owned firms. In reference to the culture, employees in these subsidiaries had difficulty
articulating key beliefs but they “felt” that their parent company had its own
cultural identity. As a manager pointed out: We are not provided with any
manual of company culture, I cannot describe it, although definitely you can feel
it, you “just know” that it exists. Furthermore, we found many different
mechanisms for transmitting corporate culture including: values and mission
statements, international staff exchanges, HR corporate guidelines, training
programs, storytelling, and expatriate rotation (Mendenhall & Oddou, 1985;
Schein, 2004). Although Spain has been characterized by the “malleability” of its
business system and for being very receptive to the adoption of “American
management style” practices, the concept of malleability does not mean total
compliance. We did find local cultural barriers that impeded the direct transfer
of an “American style” to the Spanish context. A comment from an HR manager
illustrates the issue: [O] our corporate culture came directly from the
Pharmaceutical companies. The main idea was that the business divisions were
in charge of implementing those values and guidelines at a local level but, in
practice, HQ decided everything beforehand. As a result, a number of business
units showed some reluctance towards something they considered doing
without any sensitivity. They disagreed with the idea of total compliance.
Moreover, competitive and financial pressures test the real strength and
soundness of such corporate culture arrangements. Over the past decade, for
example, some subsidiaries in our study encountered major market
transformation, owing to increasingly fierce international competition.
Consequently, the prospect of being a prosperous and continuously expanding
company could not be maintained. This led to conflict between employees and
their representatives, especially concerning the 118 Malleability in Spain
company’s traditional welfare capitalist (Jacoby, 1997) culture: “The market has
changed, and the company has to change as well. However, the company is
made of people, and these people have been living in the same corporate culture
for a long period of time, for them it is difficult to change. So, how can you
simultaneously balance both messages?” Asked the HR manager of a chemical company. In another company, regarded as a welfare capitalist firm, the organizational principles and values imprinted by its founder still remain visible. To handle market pressures and avoid a severe downsizing, the company undertook a different approach by reducing the pay of the worldwide workforce and by cutting managerial salaries by an even higher percentage. Despite these difficult changes, employees and their unions were willing to accept these measures. Such employee adaptation reflects the role of communication in explaining the need for these measures as a means to avoid greater downsizing. Thus, the recruitment and development process played a major role in maintaining the culture of the company. The company has since tried to recruit inexperienced candidates who embodied its beliefs: “People join the company with some clear personal values, which are further developed. Selection and promotion policies allow us to perpetuate the company culture,” according to the development manager at a prestigious pharmaceutical company.

GLOBAL SCENARIO OF PHARMACEUTICAL INDUSTRY

1. 2-Market Size

The global pharmaceutical market is highly dynamic and is characterized by greater levels of R&D expenditure and extensive regulation of its products. Global pharmaceutical sales are estimated to be US$ 643 billion in 2006, a growth of 7% over the previous year. Sales have grown from US$ 334 billion in 1999 to US$ 643 billion in 2006, witnessing a CAGR of 10%. North America is the major pharmaceutical market accounting for around 48% of global pharmaceutical
sales, followed by Europe (30%), Japan (9%). Leading therapy classes in the world pharmaceutical market include lipid regulators (with a market share of 5.8%), oncologist (5.7%), respiratory agents (4%), acid pump inhibitors (4%), and anti-diabetics (3.5%). Research and Development (R&D) are the backbone of the pharmaceutical industry all over the world. Globes, USA is the major hub for pharmaceutical R&D. According to Pharmaceuticals Research and Manufacturers of America (PhRMA), USA, in the year 2005, has spent more than US$ 50 billion in pharmaceutical R&D. R&D spending in the US pharmaceutical industry accounted for over 17% of total sales. Europe, with R&D expenditure worth more than US$ 25 billion, in 2005, stood in second position, followed by Japan (US$ 8 billion). Trade Share of pharmaceutical products in world exports has grown over the years. From a level of 1.7% share in world exports in 2000, export of pharmaceutical products in world exports increased to 2.6% in 2005. In the year 2005, world export of pharmaceutical products amounted to US$ 272 billion. European Union, as a bloc, is the largest exporter of pharmaceutical products accounting for 70% of total world exports in 2005. Of this, over 60% are traded intra-regionally. European Union, as a single bloc, is also the largest importer of pharmaceutical products accounting for 57% in world pharmaceutical imports.

1.2.1--Emerging trends in global pharmaceutical industry

Changing Demographic Trend Developed countries have reached the era of demographic transition, where they are increasingly confronted with the phenomenon of ageing population. This has resulted in increasing pressure on the country’s national health care system. Chronic diseases, particularly cardiovascular diseases, have become a more frequent cause of death in these countries. On the other hand, infectious diseases have remained more common
cause of death in developing countries. In addition, lifestyle related diseases are going to be common among fast developing countries like China and India. All these factors would have a major influence on the global pharmaceutical industry. Patented Drugs Going Off-Patent It has become a major concern for the large pharmaceutical firms that many of the blockbuster drugs will be going off-patent in the coming few years. It is estimated that in the USA alone, blockbuster drugs going off-patent is valued at US$ 27 billion in 2007, and US$ 28 billion in 2008. These drugs are major sources of revenue for major pharmaceutical companies in the world. Production of generics in such products will put considerable pressure on the profit margin of these companies. Lowering R&D Productivity R&D in pharmaceutical industry is a very expensive and time consuming process, as it involves a number of stages before a drug can be introduced in the market. Moreover, at any stage, the process may have to be abandoned if it is not showing the desired results both in terms of effectiveness and safety. In the world pharmaceutical industry, although the R&D expenditure by firms have shown a significant increase, R&D productivity has come down. All these factors have led to added pressure on the profit margin of the leading players and thus there is a pressing need to cut down the costs. Increasing Mergers and Acquisitions Mergers and Acquisitions (M&A) have been dominating the global pharmaceutical industry. In the year 2005, M&A activities in the pharmaceutical industry amounted to US$ 61 billion with the completion of nearly 700 deals. Major deals were in the generics segment. Drive to enhance the size and thereby attaining higher economies of scale has motivated such acquisitions. This trend is expected to continue with many firms from developing countries, particularly India, joining the race. Outsourcing of Pharmaceutical R&D Cost of bringing out new molecules is a very high and time-consuming process. As per industry estimates, on an average, out of 10,000 molecules developed in laboratories, only one or two successfully pass all stages of drug development and goes for commercialization. Thus, many international
pharmaceutical firms prefer to outsource their R&D activities to developing countries. Countries like India and China have become major beneficiaries of this trend due to cost advantages and availability of skilled manpower. Bio-pharma Convergence Biotechnology has emerged as one of the key technologies of this century. Biopharmaceuticals have been projected as potential drugs curing many diseases. Many research papers have opined that chemistry based medical innovations of the previous century are becoming to recede in importance, to be replaced by advances in biopharmaceutical research that will boost the growth of revenues and profits in the years to come. Given its potential, most of the global pharmaceutical companies are showing interest in the Biopharmaceuticals sector. This trend is likely to continue, as these companies would try to reap the benefit of their sales and marketing capabilities along with technical expertise in biotechnology. Licensing Activities another trend in the global pharmaceutical industry is increasing licensing activities.

The pharmaceutical industry in India has come a long way since the time of independence when the industry was dominated by Pharmaceutical companies. Over the years, under a favorable policy regime, the industry has grown phenomenally and has established itself as a major supplier of not only generics but also new formulations. The industry, in addition to meeting the domestic demand, is in a position to export significant volume of pharmaceutical products to various destinations, including the developed markets of USA, EU and Japan. Thus, the industry is emerging as a player in the global pharmaceutical industry. Since the formation of the WTO, the sector is facing some new challenges. The most important one is the introduction of the product patent regime complying with TRIPS requirements. Besides, the industry is also facing increasing competition from low cost manufacturing destinations like China. Such challenges have enabled the industry to modify their business strategies to remain globally competitive. Many Indian pharmaceutical
companies have adopted the strategy of inorganic growth through M&As. Such M&As are being concluded with the objective of complementing the strengths of two entities to get market access, new technologies as also new products. The Indian pharmaceutical industry has also been increasing the R&D expenditure significantly in the recent years. Another noticeable trend in the Indian pharmaceutical industry is that, it has emerged as an attractive destination for outsourcing contract research, particularly clinical trials, as also contract manufacturing by many large firms from the developed countries. A well-developed manufacturing base, low cost R&D, large pool of skilled manpower are some of the factors for success of Indian pharmaceutical industry.

1. 2. 2-Indian Pharmaceutical Industry

The pharmaceutical industry in India is among the most highly organized sectors. This industry plays an important role in promoting and sustaining development in the field of global medicine. Due to the presence of low cost manufacturing facilities, educated and skilled manpower and cheap labor force among others, the industry is set to scale new heights in the fields of production, development, manufacturing and research. In 2008, the domestic pharma market in India was expected to be US$ 10.76 billion and this is likely to increase at a compound annual growth rate of 9.9 per cent until 2010 and subsequently in 9.5 per cent till the year 2015.

1. 2. 3-Industry Trends

• The Pharma industry generally grows at about 1.5-1.6 times the Gross Domestic Product growth
• Globally, India ranks third in terms of manufacturing pharma products by volume
• The Indian pharmaceutical industry is expected to grow at a rate of 9.9% till 2010 and after that 9.5% till 2015
In 2007-08, India exported drugs worth US$7.2 billion into the US and Europe followed by Central and Eastern Europe, Africa and Latin America.

- The Indian vaccine market which was worth US$665 million in 2007-08 is growing at a rate of more than 20%
- The retail pharmaceutical market in India is expected to cross US$ 12-13 billion by 2012

1.2.4-Challenges

Every industry has its own sets of advantages and disadvantages under which they have to work; the pharmaceutical industry is no exception to this. Some of the challenges the industry faces are:

- Regulatory obstacles
- Lack of proper infrastructure
- Lack of qualified professionals
- Expensive research equipments
- Lack of academic collaboration
- Underdeveloped molecular discovery program
- Divide between the industry and study curriculum

1.2.5-Government Initiatives

The government of India has undertaken several including policy initiatives and tax breaks for the growth of the pharmaceutical business in India. Some of the measures adopted are:

- Pharmaceutical units are eligible for a weighted tax reduction of 150% for the research and development expenditure obtained.
Two new schemes namely, New Millennium Indian Technology Leadership Initiative and the Drugs and Pharmaceuticals Research Program have been launched by the Government.

The Government is contemplating the creation of SRV or special purpose vehicles with an insurance cover to be used for funding new drug research.

The Department of Pharmaceuticals is mulling the creation of drug research facilities which can be used by private companies for research work for rent.

1. 2. 6-Pharma Export

In the recent years, despite the slowdown witnessed in the global economy, experts from the pharmaceutical industry in India have shown good buoyancy in growth. Export has become an important driving force for growth in this industry with more than 50% revenue coming from the overseas markets. For the financial year 2008-09 the export of drugs is estimated to be $8.25 billion as per the Pharmaceutical Export Council of India, which is an organization, set up by the Government of India. A survey undertaken by FICCI, the oldest industry chamber in India has predicted 16% growth in the export of India’s pharmaceutical growth during 2009-2010.

1. 2. 7-Key players in Indian Pharmaceutical Industry

There are several national and international pharmaceutical companies that operate in India. Most of the country's requirements for pharmaceutical products meet with these companies. Some of them are briefly described below:

**Ranbaxy Laboratories** are the biggest pharmaceutical manufacturing company in India. The company is ranked at the 8th position among the global generic pharmaceutical companies and has a presence in 48 countries including
world class manufacturing facilities in 10 countries and serves to customers from over 125 countries. Ranbaxy Laboratories 2009-2010 Q3 Net Profit Results showed a profit of Rs 116. 6 Crore as compared to Rs 394. 5 Crore deficits, recorded during the corresponding period last fiscal.

**Dr. Reddy's Laboratories** manufactures and markets a wide range of pharmaceuticals both in India and abroad. The company has 60 active pharmaceutical ingredients to manufacture drugs, critical care products, diagnostic kits and biotechnology products. The company has 6 FDA plants that produce active pharma ingredients and 7 FDA inspected and ISO 9001 and ISO 14001 certified plants. Dr. Reddy's Q1 FY10 result shows the revenues of the company at `18,189 million which is up by 21%. During this quarter the company introduced 24 new generic products, applied for 22 new generic product registrations and filed 4 DMFs.

**Cipla** is an Indian pharmaceutical company renowned for the manufacture of low cost anti AIDS drugs. The company's product range comprises of anthelmintics, oncology, anti-bacterial, cardiovascular drugs, antibiotics, nutritional supplements, anti-ulcerants, anti-asthmatics and corticosteroids. Simple also offers other services like quality control, engineering, project appraisal, plant supply, consulting, commissioning and know-how transfer, support. For the financial year 2008-09 the company registered an increase of 22% in sales and other income over the previous year.

**Nicholas Piramal** is the second largest pharmaceutical healthcare company in India. The brands manufactured by the company include Gardenal, Ismo, Stemetil, Rejoint, Supradyn, Phensedyl and Haemaccel. Nicholas Piramal has entered into joint ventures and alliances with several international corporations like cheese, Italy; IVAX Corp; UK, F. Hoffmann-La Roche Ltd., Allergan Inc., USA etc.
## India's Domestic Pharmaceutical Market (12 Months Ended January 2009)

<table>
<thead>
<tr>
<th>Company</th>
<th>Size (Billion)</th>
<th>Market Share (%)</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pharma Market</td>
<td>6.9</td>
<td>100.0</td>
<td>9.9</td>
</tr>
<tr>
<td>Cipla</td>
<td>.36</td>
<td>5.3</td>
<td>13.4</td>
</tr>
<tr>
<td>Ranbaxy</td>
<td>.34</td>
<td>5.0</td>
<td>11.5</td>
</tr>
<tr>
<td>Glaxo Smithkline</td>
<td>.29</td>
<td>4.3</td>
<td>-1.2</td>
</tr>
<tr>
<td>Piramal Healthcare</td>
<td>.27</td>
<td>3.9</td>
<td>11.7</td>
</tr>
<tr>
<td>Zydus Cadila</td>
<td>.24</td>
<td>3.6</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Source: ORG IMS

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1. 2. 8-Evolution of Indian Pharmaceutical Industry
Evolution of Indian pharmaceutical industry can be classified into the following three periods. The first period is prior to 1970s, the second one being from 1970 to 1995; and evolution of Indian pharmaceutical industry then the third period is from 1995 onwards. Till 1970: Till 1970, the size of the Indian pharmaceutical industry was very small in terms of number of firms as well as production capacities. Bengal Chemicals and Pharmaceutical Works in Kolkata and Alembic Chemicals in Baroda, set up around 1910 were the first two Indian firms to start pharmaceutical production. The market was dominated mainly by multinational companies (MNCs) through their subsidiaries, who imported bulk drugs into India from the country of their origin, which were later processed into formulations. During this period, the patent regime, based on The Indian Patents and Designs Act, 1911, recognized both product and process patents. This acted as a major entry barrier for Indian firms to enter pharmaceutical manufacturing. Between 1947-57, 99% of the drugs and pharmaceutical patents in India were held by foreign MNCs. During this period, due to the monopoly status enjoyed by the foreign companies, the drug prices in India were at a very high level. Given the high drug prices and lower technical base of the domestic companies, the Government decided to directly intervene in the drug production. A major Government initiative in this regard was to set up two public sector drug companies, viz., a) Hindustan Antibiotic Ltd. (HAL) established in 1954, with the help of WHO and UNICEF; and b) The Indian Drugs and Pharmaceutical Limited (IDPL), in 1961. The Government received technical support from countries like Russia to set up and start pharmaceutical manufacturing. These two companies played an important role in producing critical drugs for domestic market including penicillin. The Government has also encouraged MNCs to set up manufacturing base in India. However, during this period, FDI in drugs and the pharmaceutical industry was minimal and the country was totally dependent on imported bulk drugs. 1970 to 1995: The decade of 1970’s was a turning point for the Indian pharmaceutical
Industry. In 1970, the Government of India had introduced a new Patent Act, which became effective from 1972. This Act recognized only process patent and not product patent. Thus, as per this Act, drugs patented in other countries could be analyzed and manufactured in India using a different process, popularly called as ‘reverse engineering’, without paying royalty to the original patent holder. Moreover, the statutory term of a patent was shortened to five years from its being granted or seven years from the application, whichever is shorter. With the introduction of this Act along with price control under the Drug Price Control Order (DPCO), there was very little incentive for the MNCs to introduce new products in India. The MNCs, therefore had confined their focus on vitamins, cough preparations and pain killers. The Act had contributed to a significant reduction of share by MNCs in the total formulation production in the country. On the other hand, the Act was instrumental to the growth of indigenous pharmaceutical production. The number of domestic firms engaged in pharmaceutical production has increased considerably since then as is evident from Exhibit - 15. From over 2200 units in 1969-70, the size of Indian pharmaceutical industry has increased to nearly 24000 in 1995-96. Many of them were small-scale units and were receiving a number of incentives from the Government, including reservation of drugs for exclusive production. Many of them have commenced their operations specializing in generics production. Production of indigenous units has also increased during this period. Production of bulk drugs, which was at Rs. 18 crores in 1965-66 has increased to Rs. 1518 crores by the end of 1994-95. Production of formulations, during this period has increased from Rs. 150 crores to Rs. 7935 crores. The increasing trend in domestic production of bulk drugs as well as formulations is evident from Exhibit - 16. * Includes manufacturers under loan licensing (manufacturing a product in the factory premises owned by another person).
1. 2. 11-Industrial Scenario

Karnataka has always been at the forefront of industrial growth in India. With its inherent capabilities coupled with its enterprising citizens, Karnataka provides the ideal choice for investment opportunities.

- Superior Human Resources which includes trained technical manpower in Engineering, Management and Basic Sciences.
- High level of research and development facilities originating from a number of Central Government laboratories and research institutions located in Karnataka.
- Favorable climate and habitat.
- Excellent communication facilities and accessibility provided by broad gauge railway, airport, national highways and seaports.
- Harmonious industrial relations.

1. 2. 12-GDP Contribution

While the national GDP grew at 8.7% between 2005 and 2010, the combined growth rate of the four southern states was merely 7.85%, with Karnataka leading at 8.7%, Kerala 8.1%, Andhra Pradesh and Tamil Nadu at 7.4% each (according to a McKinsey survey report, commissioned by the Confederation of Indian Industry in March 2011)

North Indian states like Bihar and Uttarakhand, which had for long borne the tag of backward states, have also overtaken the southern states.

The last three years have seen the two states grow at a furious pace of 16% and 14% respectively, albeit on a lower base. Other states ahead of the southern
states are Gujarat in 11.3% and Haryana at 11%. Bihar’s GDP growth rate for the last five years at 9.6% are also higher.

Industry leaders attribute several factors to the recent slump in south India’s growth. These are the rising land prices, labor shortage, infrastructural bottlenecks, including port capacity and growing urban congestion in Bangalore, Chennai and Hyderabad and concerted efforts of other states in attracting investments in recent years.

The fact that South India continues to be among the top 10 contributors to the GDP nationally would help.

The region’s current GDP of $300 billion, places it just outside of the top 30 economies of the world, but the report predicts South India could spearhead the country’s growth over the next few years with its GDP projected to hit $500 billion by 2016 and close to $650 billion by 2020.

The region’s growth in skill-intensive industries like automotive manufacturing and information technology and information technology-enabled services (IT& ITES) have also outpaced the all-India average.

1.2.13-Infrastructure

The State Government has created several organizations and Institutions to provide infrastructural support to the private sector enterprises.

- The Directorate of Industries and Commerce co-ordinates all activities required for industrial development. It allots to the entrepreneur, power, land and water besides sanction of fiscal incentives.
- Karnataka Industrial Area Development Board (kiadb. Com is not active anymore) acquires tracts of land for development into industrial sites.
• The Technical Consultancy Services Organization of Karnataka offers expert consultancy services to small entrepreneurs at moderate rates.

• The Karnataka State Finance Corporation, the Industrial Investment Development Corporation, Small Scale Industries Development Corporation and Karnataka Electronics Corporation provide them finance, equity participation, factory sheds and raw material supplies.

1.2.14-Associations

Karnataka has got 123 associations representing various trades, banking and industrial organizations. Prominent among the manufacturers association are Karnataka State Small Scale Industries Association, Confederation of Electronic Industries of Karnataka and Peenya Industries Association.

All the 123 associations are affiliated to a parent body: Federation of Karnataka Chambers of Commerce and Industries (FKCCI).

1.2.15-Foreign Investments

Foreign investment approved in Karnataka during 1993-94 brought about 169 foreign investors from Germany, Japan, USA, UK, Switzerland and Sweden. They have invested in computer software, telecommunication equipments, electronics and electrical, machine tools and engineering products, medical and laboratory equipments, minerals, ceramics, chemicals, leather products, food processing and tourism.

• IT/Software and Internet industry.

• Karnataka Chamber of Commerce and Industry is a premier organization started in Hubli, the Industrial, Financial and Commercial Centre of North Karnataka.
- Labor Net creates and develops jobs for the informal sector workforce beginning with construction workers in Bangalore
- Karnataka to do a Gujarat on industries

STUDY AREA

1.3-Bengaluru (also known as Bangalore) evolved into a manufacturing hub for heavy industries such as Hindustan Aeronautics Limited, Indian Telephone Industries (ITI), Hindustan Machine Tools and Bharat Electronics Limited (BEL) after India gained independence from Great Britain in 1947. In the past three decades, the establishment and success of high technology firms in Bangalore have led to the growth of Information Technology (IT) in India. IT firms in Bangalore employ about 35% of India's pool of 10 lakh (1 million) IT professionals and account for the highest IT-related exports in the country. The city's income gross domestic product in 2004-05 was valued at INR 433.8 billion. One of the important factors spurring Bengaluru's growth was a heavy central government investment in Bengaluru's public sector industries, partially because it is geographically out-of-reach from India's rivals Pakistan and China. This led to the concentration of technical and scientific navigator in Bengaluru, and is a factor in leading the "IT revolution" in Bengaluru. Karnataka's political leaders such as D. Devaraj Urs, Ramakrishna Hegde, GunduRao, Veerappa Moily, J. H. Patel and S. M. Krishna each played a pivotal role in the development of Information Technology and Business Process Outsourcing (BPO) in Bengaluru. When R. K. Baliga, Founder of the Electronics City proposed the concept of developinBaligaelectronic city in the early 1970s it was met with skepticthe developinBaligaelectronic cityraj Urs at that time supported him and approved the project. This initial seed investment by the Karnataka State Government in 1976 laid the foundation for the Electronics City.
Biocon, headquartered in Bengaluru, is one of India's largest biotechnology companies. Biotechnology is a rapidly expanding field in the city. Bengaluru accounts for at least 97 of the approximately 240 biotechnology companies in India. Interest in Bengaluru as a base for biotechnology companies stems from Karnataka's comprehensive biotechnology policy, described by the Karnataka Vision Group on Biotechnology. In 2003-2004, Karnataka attracted the maximum venture capital funding for biotechnology in the country - $8 million. Biocon, headquartered in Bengaluru, is the nation's leading biotechnology company and ranks 16th in the world in revenues. Institute of Bioinformatics and Applied Biotechnology (IBAB), initiated by a Biotechnology vision group, ICICI and Biocon (located at ITPL) are trying to shape revolutionary scientists in the field. Like the software industry which initially drew most of its workforce from the local public sector engineering industries, the biotechnology industry had access to talent from the National Center of Biological Sciences (NCBS) and the Indian Institute of Science (IISc). And Indian Biotechnology Research Organization (IBRO) has been recently under the process of development to boost Biotechnology Growth in India, providing the Advanced Research and Talent pool in India from IBRO, whose mission and vision is Research and Development in Biotechnology to make India as a Global Leader in Biotechnology. Other Major Biotechnology company based out of Bengaluru is Advanta India.

Bangalore lies in the southeast of the South Indian state of Karnataka. It is in the heart of the Mysore Plateau (a region of the larger Precambrian Deccan Plateau) at an average elevation of 920 m (3,018 ft). It is positioned at 12.97°N 77.56°E, and covers an area of 741 km² (286 mi²). The majority of the city of Bangalore lies in the Bangalore Urban district of Karnataka and the surrounding rural areas are a part of the Bangalore Rural district. The region consisting the Bangalore Urban and Rural districts is known as the Bangalore
The Government of Karnataka has carved out the new district of Ramanagara from the old Bangalore Rural district.

The topology of Bangalore is flat except for a central ridge running NNE-SSW. The highest point is Vidyaranyapura Doddabettalhalli, which is 962 m (3,156 ft) and lies on this ridge. No major rivers run through the city, though the Arkavathi and South Pennar cross paths in the Nandi Hills, 60 km (37 mi.) To the north. River Vrishabhavathi, a minor tributary of the Arkavathi, arises within the city at Basavanagudi and flows through the city. The rivers Arkavathi and Vrishabhavathi together carry much of Bangalore's sewage. A sewerage system, constructed in 1922, covers 215 km² (133 mi²) of the city and connects with five sewage treatment centers located in the periphery of Bangalore.

In the 16th century, Kempe Gowda I constructed many lakes to meet the town's water requirements. The Kempambudhi Kere, since overrun by modern development, was prominent among those lakes. In the earlier half of the 20th century, the Nandi Hills waterworks was commissioned by Sir Mirza Ismail (Diwan of Mysore, 1926–41 CE) to provide a water supply to the city. Currently, the river Kaveri provides around 80% of the total water supply to the city with the remaining 20% being obtained from the Thippagondanahalli and Hesaraghatta reservoirs of the Arkavathi river. Bangalore receives 800 million liters (211 million US gallons) of water a day, more than any other Indian city. However, Bangalore sometimes does face water shortages, especially during the summer season- more so in the years of low rainfall. A random sampling study of the Air Quality Index (AQI) of twenty stations within the city indicated scores that ranged from 76 to 314, suggesting heavy to severe air pollution around areas of traffic concentration.

Bangalore has a handful of freshwater lakes and water tanks, the largest of which are Madivala tank, Hebbal lake, Ulsoor lake and Sankey Tank.
Groundwater occurs in silty to sandy layers of the alluvial sediments. The Peninsular Gneissic Complex (PGC) is the most dominant rock unit in the area and includes granites, gneisses and migmatites, while the soils of Bangalore consist of red laterite and red, fine loamy to clayey soils. [34]

Vegetation in the city is primarily in the form of a large deciduous canopy and minority coconut trees. Though Bangalore has been classified as a part of the seismic zone II (a stable zone), it has experienced quakes of magnitude as high as 4.5.

1.3.1-Climate

Bangalore experiences a tropical savanna climate (Köppen climate classification Aw) with distinct wet and dry seasons. Due to its high elevation, Bangalore usually enjoys a more moderate climate throughout the year, although occasional heat waves can make things very uncomfortable in the summer. [36] The coolest month is January with an average low temperature of 15.1 °C and the hottest month is April with an average high temperature of 33.6 °C. [37] The highest temperature ever recorded in Bangalore is 38.9 °C (recorded in March 1931) and the lowest ever is 7.8 °C (recorded in January 1884). [38] [39] Winter temperatures rarely drop below 12 °C (54 °F), and summer temperatures seldom exceed 36–37 °C (100 °F). Bangalore receives rainfall from both the northeast and the southwest monsoons and the wettest months are September, October and August, in that order. [37] The summer heat is moderated by fairly frequent thunderstorms, which occasionally cause power outages and local flooding.
1. 3. 2- Bangalore People & Religion

People of various religions, castes and communities live in Bangalore city, the capital city of Indian state Karnataka. Huge influx of IT professionals from all parts of India makes Bangalore a vibrant city teeming with various cultures. Bangalore is also one of the educational hubs of India; hence students from all over India come for IT studies.

Karnataka people are a fusion of ethnic, racial and religions. Malayalis, Tamils, Marathis also live in harmony with the local Karnatakis. Kurubas, an indigenous tribe is the original inhabitant of the state. Brahmins, upper class Hindus and Tigalas also live in Karnataka.

1. 3. 3-Religion

Hinduism is the predominant religion in Bangalore. A majority of the population of the city belongs to Hinduism.
People of Sikh, Islam, Christianity, Buddhism, and Jainism also live in the city. All of them practice their religious rituals and customs. Fairs and festivals of each religion are also celebrated with great pomp and show. The religious places of worship—temple, mosque, church are found in and around the city.

While visiting Bangalore, one can explore all the religious places of worship and fairs and festivals of each religion. Religion in Bangalore

<table>
<thead>
<tr>
<th>Religion</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hindus</td>
<td>79.3%</td>
</tr>
<tr>
<td>Muslims</td>
<td>13.3%</td>
</tr>
<tr>
<td>Christians</td>
<td>5.8%</td>
</tr>
<tr>
<td>Jains</td>
<td>1.1%</td>
</tr>
<tr>
<td>Others†</td>
<td>1%</td>
</tr>
</tbody>
</table>

Distribution of religions †Includes Sikhs (<0.1%), Buddhists (<0.1%).

With an estimated population of 5.8 million in 2001,[4] Bangalore is the third most populous city in India and the 28th most populous city in the world. [80] Bangalore was the fastest-growing Indian metropolis after New Delhi between 1991–2001, with a growth rate of 38% during the decade. Residents of Bangalore are referred to as Bangaloreans in English Bengaloorinavaru in Kannada. [81]

The cosmopolitan nature of the city has resulted in the migration of people from other states to Bangalore,[82] which has in recent years given rise to tensions between immigrants and locals. [83] Scheduled Castes and Tribes account for 14.3% of the city’s population. Besides Kannada, other major languages spoken in the city are English, Tamil, Telugu and Hindi. [84] A good number of Konkani speakers have settled in Bangalore since last century from Canara.
districts of Karnataka and Goa. Similarly, Marathi is spoken by a considerably small section of the society.

According to the 2001 census of India, 79.4% of Bangalore's population are Hindu, roughly the same as the national average. Muslims comprise 13.4% of the population, which again is roughly the same as the national average, while Christians and Jains account for 5.8% and 1.1% of the population, respectively, double that of their national averages. Anglo-Indians also form a substantial group within the city. Women make up 47.5% of Bangalore's population. Bangalore has the second highest literacy rate (83%) for an Indian metropolis, after Mumbai. Roughly 10% of Bangalore's population live in slums—a relatively low proportion when compared to other cities in the developing world such as Mumbai (50%) and Nairobi (60%). The 2008 National Crime Records Bureau statistics indicate that Bangalore accounts for 8.5% of the total crimes reported from 35 major cities in India.

1.3.4-Culture

Yakshagana – a theatre art often performed in the town hall, Dasara, a traditional celebration of the old Kingdom of Mysore, is the state festival and is celebrated with great vigor. Bangalore is known as the Garden City of India because of its greenery and the presence of many public parks, including the Lal Bagh and Cubbon Park. The city celebrates its most important and oldest festival, "Karaga Shaktyotsava" or Bangalore Karaga. Deepavali, the "Festival of Lights", transcends demographic and religious lines and is another important festival. Other traditional Indian festivals such as Ganesh Chaturthi, Ugadi, Sankranthi, Eid UL-Fitr, and Christmas are also celebrated. Bangalore is home to the Kannada film industry, which churns out about 80 Kannada movies each year. The diversity of cuisine is reflective of the social and economic diversity of Bangalore. Roadside vendors, tea stalls, and South Indian, North Indian, Chinese
and Western fast food are all very popular in the city. Udupi restaurants are very popular and serve predominantly vegetarian, regional cuisine. Bangalore has a wide and varied mix of restaurant types and cuisines and Bangloreans deem eating out as an intrinsic part of their culture, so much that Bangalore Restaurant Week – an event that involved some of the best restaurants in Bangalore – was held between November 12 to 21, 2010. Bangalore is also a major center of Indian classical music and dance. Classical music and dance recitals are widely held throughout the year and particularly during the Ramanavami and Ganesha Chaturthi festivals.

1. 3. 5-Industry

Karnataka, a pioneer in industrial development, now stands sixth among the states in terms of output. It has a strong and vibrant industrial base built up over the years with a wide network of large and medium industries in the public and private sectors and a large small-scale industrial sector. The annual average growth of industrial production was 6.63 per cent (base year 1993-94) between 1994-95 and 2003-04. The Economic Census 1998 reveals that there were 19.12 lakh enterprises in the state, engaged in various economic activities other than crop production and plantations. The number of enterprises increased by 12.9 per cent, from 16.94 lakh in 1990 to 19.12 lakh in 1998, while the number of persons usually working in the enterprises increased by 3.3 per cent, from 50.83 lakh in 52.53 lakh. Karnataka accounted for 8 per cent of all-India enterprises and 8.15 per cent of total ‘usually working’ employment. Over the last decade, Karnataka’s biggest success story is the growth of the information technology-led sector, which today accounts for about 40 per cent of India’s software exports. This growth has primarily occurred in Bangalore city and its environs though the industry has now begun moving towards other countries such as Mysore, Mangalore and Hubli-Dharwad. Another growth area that the government is promoting aggressively is biotechnology.
1. 3. 6-The regions

As we saw, at reorganization, Karnataka emerged out of the union of regions with varying levels of socioeconomic development, as well as diverse political and administrative systems and structures,

1. 3. 7-Scope and Need for the Research Study

Present study Covers Different aspects of employee behaviour and culture related to productivity in the Bangalore pharmaceutical industries. Today H. R managers are struggling to manage their employee behaviour and culture, as the pharma industry requires highly skilled employees to keep up their Research and development and their sound competitiveness in the market, it’s one of the biggest challenges for the pharma companies to get a well cultured and expert competitive human resource. Pharma companies looking at newer ways to attract employees,