Chapter IV

Sample Organisation
4.0 Sample Organisation

4.1 Introduction

Longevity of organisations is less than longevity of people. Proving 'laissez faire', many business enterprises could not stand up to the competition and died an immature death. Whether an organisation can win or fail is decided by the way in which its people conduct business, their vision about themselves and the organisation. Therefore, when we talk about corporate turnaround, HR strategy gains importance.

Strategy is a set of goals and means. Strategy means war tactics i.e., how a major would use his corps, arms and ammunition in the best possible manner with the objective of winning the war. In the context of business, it is how managers (or empowered employees) would employ resources at their command for surviving, maintaining and improving their position with respect to market, product, competencies, etc. to ensure the best possible return for their stakeholders. HR strategy is a set of processes shared by HR and line managers to solve people related business issues. Through HR strategy, HR management seeks to add value by identifying, assessing, evaluating and resolving the issues most critical to the organisation's competitiveness and ultimately to its success. The key
to success of any strategy lies in the organisation's ability to drive its people by involving them and making them owners of the change processes. Implementation of the strategy calls for systems to be established, implemented and maintained so that people think and act collectively as a single entity to achieve the common good.

4.2 History of the organisation

Established in 1979 by a technocrat entrepreneur as manufacturing division of Hindustan Projects Ltd, (then a US based multinational) with limited share holding by the US Company. He handpicked a handful of loyal and committed people for the purpose of assisting him in day-to-day operations. The level of confidence maintained by each one of the managers directly to the owner was high and they used to consult and inform him every detail of the day-to-day operations.

A long-term perspective of HR Management was somewhat missing. Employee relationship issues and problems got settled considering the immediate repercussions (without considering the long term effects). Industrial relation suffered major set back as individual managers tried to prove their points on the one hand and created blocks in the way of others. Much of the organisation’s energy was spent in trouble shooting for the day-to-day operations. In the process, issues of the
employees were not attended to in a meaningful way. People who were in a position to lead the work force were given 'special treatment.' This led to the development of more leaders who learned that without taking a tough and arrogant stand, their own personal interest would be in jeopardy. Since the business was to come from the associate company, more than the assured business nothing was planned and projected. As a natural outcome, a long term corporate / HR strategy was never formed or implemented. Whenever there is extra workload, additional manpower was engaged through known sources.

4.3 Work Culture and Climate

The organisation functioned like an inefficient hierarchical bureaucracy with throttled communication and slow decision-making. Growing in-discipline got reflected in low manpower productivity, idling during duty hours, high rate of absenteeism, overtime, late coming, using more resources than required, insistence for helpers, refusal to do support activities, refusal to fill / sign reports, engaging in private / profit making activities like money lending, share brokering, insurance agency, selling crackers, clothes, pickles and many other things which are not part of their work or has nothing to do with organisation’s business. The unpublished slogans like "two time punch, one time lunch", OT (over time) is roti (bread) and salary is saving" gives an insight into the work culture.
Managers seldom demonstrated risk taking behaviour and every problem was put forward to the higher level for decisions. There was practically no participation and involvement of people. Some of the managers promoted causes of their liking without regard to the performance of the company. As a result of this good performers did not stick for long to the company. In the recruitment side, people brought forward their relatives and friends and there were no serious efforts to select people on the basis of merit. Work allocation and assignments were given as per individual’s choice and based on his ability to influence. A limited few were sent for external training program without any focus for the work place needs. In most cases they were not directly linked to the workplace needs - present or future.

This had its negative side effects like loss of goodwill, low morale, low level of commitment and no feeling of ownership, and, feeling of futility and distrust. The targets set in the beginning of the year was never achieved. People got engrossed in day-to-day problems and very little of them getting resolved. By early 1995, the company had a sales of 1000 lacs and accumulated loss of Rs. 115 lacs, 340 confirmed employees and another 85 in non-conformed categories.
4.4 XYZ LTD - A Swot Analysis

**Strength**

- Technical support
- Buying arrangements existing
- Location near city – add value to attract vendors / customers
- Availability of technical manpower
- A loyal workforce

**Weakness**

- Technical manpower not sound enough to produce quality
- The learning process will take time to reach maturity / mastery
- Professional behaviour and qualities of senior management team is not consistent to meet the present requirements
- Work force is non-committal to change
- Cost of manpower and overheads are very high as compared to competitors in the new product segment.
- The style of the leadership is autocratic and authoritarian and does not want to involve people.
- Majority of the top management is more concerned about their personal convenience than customer requirements and organisational priorities.
- Already loss making, and difficult to recover.
- Size of the organisation is more than it can afford.
- Productivity level is low.
- Values and belief system cannot sustain a customer oriented work culture.
- Lack of good recruitment system.
- Risk taking behaviour is missing
- Decision-making process is slow.
- Discord and disagreement in issues of performance and accountability.

**Opportunity**

- Modify behaviour by training and other interventions
- Define structure, induce professionalism and customer orientation
- By enhancing utilization of resources, it is possible to reduce cost.
- By imparting skill training to employees, it is possible to deploy them for new products.
- By creating enthusiasm to learn new techniques, and by involving them, it is possible to improve their motivation and commitment.
- By establishment of processes, it is possible to improve quality and thereby profits.
• It is possible to improve quality by demonstrating top management commitment to it and this can help improve motivation, morale and cement good relations for achieving healthy growth.

**Threats**

• Declining market demands due to increasing competition from international suppliers.

• Diminishing returns on investment.

• High overhead expenditure – high cost labour, lower utilisation of available capacities (men, machines)

• Delay in execution of jobs

• Lack of concern for quality - defect not measured (down-time, idle time, reject, accidents etc).

• The cutthroat competition in time, cost and quality was a major threat for survival in this business segment as well.

• The number of operatives and support staff, it engages is more as compared to contract arrangement its competitors have led to adverse trends in cost competitiveness and deliveries.

• Leadership style and low involvement adversely affect employee relations.
4.5 HR Support for turnaround

HR prepared a staff policy manual detailing the corporate values, which it would like its employees to imbibe. It reads, "We are in the business not merely to sell a product or a service but to fulfil a need to help us achieve our ultimate aim of complete customer satisfaction. We always take a long-term view of any situation, for it is our intention to stay in business as long as we can and generate the resources each year to grow from strength to strength. We look upon business not merely as a source of income or profits, but as a way of life, as a means for putting our talents to good use, while, at the same time, affording us an opportunity to be of service to the community. Profits will follow. Let us remember that profit is not just a set of figures - but of values.

Our greatest single investment is not in our land, buildings, machinery or materials, but in our people. We stand or fall in exact proportion to the productivity of human resources. Our profitability and potential for growth must depend - in the final analysis - on the aptitude, resourcefulness, integrity, courage and commitment of our people at all levels. For it is people who are the source of all other resources.

As an organisation, we have a positive attitude to business. Obstacles and irritations are there to be overcome, not to be made an excuse for inaction. We expect the members of our organisation to share this positive approach.
We believe in nurturing a human organisation, which understands the paradox that the total organisation is more important than the individual but this does not make the individual any less important.

4.5.1 Changing the mindset

The psychological frame from which XYZ operated then was of discord and disagreement than that of cooperation and collaboration. They realised the need for discovering new possibilities. The need for changing the styles was communicated down the line. An explanatory note on the new performance planning and review system read: "The methods with which we worked in the past may not work in the present situation. Yesterday's trophies will not win tomorrow's games. We will have to forget the tried and true styles. We have to shed some of our old ways. We have to change our old patterns and program new ones. We need to take time to sit down and sharpen our axes. Our work-life can no more be guided by the old mantra of "chalta hein chalne do". Our mission for life cannot be "khao-peeo-maza karo" (eat, drink and make merry). Every animal has got to live with food, drink and merry making. We are a different being..... What shall be our strategy for surviving in an unprotected market? How we shall bring transformation? Should we bring transformation in our core values? Should we bring changes in our work culture? Should we bring changes in our operating methods? Should we bring changes in our set patterns of behaviour? What actions shall ensure that we
reach up to the aspired level of performance and on achieving the same, we feel proud, enthused, and reach out to the out-side world... reach out to future generations... that they remember us for our achievements...

If we continue to follow the old mantra of "chhita hein. chalne do" we will fall... we will be left behind in the race for survival"...... "We want to win ... even when the competition is stiff... even when there is no protection. Each one of us will stretch an extra inch and we will exceed our yesterday's quotas of performance. And we will exceed the requirements and expectations of our customers."

4.5.2 Goals

Values and strategies identified and communicated to all levels. Group exercises, social interactions, training programs, open forums, etc. were used to communicate Vision and mission as well as strategic goals. The company identified four major goals keeping in view the survival and growth as the major concern for the next five years.

a) Leadership in deliveries: Time based competition, time management, manufacturing lead-time reduction etc. were subjects of training events. Zero delay found place in the goals and targets for teams and individuals. Process time required to execute activities were identified and recorded. Department personnel themselves reviewed process time every month. The department for Project Planning and Execution started weekly review of jobs (projects) under execution with concerned departments.
b) **Leadership in quality:** The company initiated a number of steps for continuous process improvements, corrective actions including defect analysis, feedback to workmen, training, etc. with a view to achieve the goal of zero defects. The measurements were discussed and displayed at the workplace to increase awareness and commitment of operating people.

c) **Cost effectiveness in operations:** Identification and elimination of sources of waste through data collection and analysis and corrective actions to reduce excess stock, defects in operation, review and improvement in working methods, were initiated.

d) **Building a productive Work culture:** Firstly, in its attempt to build a people driven, policy driven and process driven organisation, cross-functional teams championed the drive to build quality through people. The company decided to live by its values and encourage Total Employee Involvement and ongoing innovation for continuous improvement.

### 4.5.3 Structure

The company propagated that it believes in the need for a boundary-less organisation and that all structures (hierarchical levels), function oriented departments and sections are there for administrative convenience. The redefined structure to attend to human systems than to the techno-economic systems and the shape of the structure was determined by the needs of the time. For example, engineers from
design were asked to prepare estimations for sales, bill of material and cutting diagrams for Planning and Production respectively. The function was later merged with Sales for better integration and administrative control.

Planning people made detailed scheduling and delivery based procurement indent grouping to help reduce inventories. Work loading (assigning responsibilities to the shop floor worker every morning) of marking and cutting activities was taken up by planning group to enhance utilization of available capacities. They also initiated 'kick off' meeting, detailed job planning and monitoring, weekly job reviews, job closing meeting for identification of defects related to delay and quality. Personnel, administration, security and HRD were brought under one umbrella. Total Customer Orientation in terms of accountabilities for completion of various responsibilities was brought about slowly and systematically. Job changes like job rotation; job enlargement and job enrichment were adopted to improve job mobility across the organisation. This helped in change in the outlook towards other departments - a changed mindset.

4.5.4 Systems

There are three major components of any organisation: business systems; work systems, and human systems. Business systems include strategy, mission, vision, values and financial beacons. The
work systems consist of quality systems, procedures, and work instructions. The human systems include hiring, structure, compensation, feedback, rewards, recognition, communication and management styles. The company established and implemented the following human resource systems. The procedure followed by the company is presented in Chapter II.

4.6 Results

Manpower Planning and Review System helped in making available skilled personnel in operating departments and the productivity of manpower has increased over the years. It also helped in restricting employment especially in senior positions, and, allowed the existing employees to take up higher jobs and responsibilities enabling their career development. The manpower planning and review system helped in tapping potential of available resources, review current utilization, future needs and take timely corrective actions, and, redeploying under-utilised manpower in more productive jobs. The computerized skill inventory was useful in locating skills faster. Also it helped in identifying people who knew less and the company could persuade them to learn more.
The newly inducted employees were found to be capable of learning and changing faster; they were in a position to do all types of job without any hesitation. Work systems and methods were changed considering requirements of other stakeholders. Liking for learning new methods and systems helped them to assume responsibilities and complete work better and faster. They demonstrated enthusiasm and energy and are highly inquisitive to learn more. This helped in speedy implementation of a number of projects, which contributed, to the turnaround process. People who were selected following the procedure were found to be conforming to the values and goals of the organisation. Willingness to grow, cooperate, initiate action, etc. have found meaning in a number of initiatives they have taken.

Moreover, it is observed that important projects of high value and technically critical are entrusted to the new recruits. This will be an adequate explanation of the potential of the new recruits.

In the Recruitment front, the system helped in recruiting and inducting people with required knowledge and skill and also right attitudes. Newly recruited employees are found to be doing well in their work. It is also understood reliably that the system found acceptability among candidates. “At the end, the candidates felt that he is worth the job and gains a good amount of personal satisfaction and increase in his self- esteem” recalled an employee.
The present system helped in reducing the employee turnover, reduced employee grievances. From an employer who found it difficult to fill vacancies the company gained the image of a good employer and become attraction for many potential employees. The organisation felt confident that there is no problem in attracting good candidates for any position.

Performance Planning and Review System gave importance to improvement of human processes through involvement of employees. It helped achieve goals faster and helped all-round growth. The system had its impact on deliveries, quality and cost as these elements find a place in performance goals. The new system helped in producing and delivering jobs in much lesser time by reducing the manufacturing lead-time / response time, reducing procurement time for materials, and, timely corrective actions. Improvements made in the area of quality and cost reduction is has impacted the overall performance of the organisation.

The system also helped in bringing about discipline in the work systems and way people respond to various demands made on them. Goals were changed progressively every year to take care of the demands and expectations of the market. So was the method of doing work. All these efforts resulted in the company achieving performance bonus for a few jobs - changing history of paying penalty for late deliveries.
Measurement and feedback has become a part of the system. It is said that when you measure you manage. In addition to the monthly performance reviews, the organisation started weekly review of jobs (individual projects) and this also helped in identifying weak / problem areas and in taking timely corrective actions. As a by-product of the measurement exercises, the company could collect a lot of information which otherwise would not have been lost.

Performance review and feedback system has made improvements in customer orientation, and, accountabilities for jobs improved. Lack of feedback is found to be a source of dissatisfaction. It is found that an integrated approach for individual and organisation development is required to achieve corporate objectives. It is found that without demonstrating a total commitment to employee development, it is difficult to achieve organisation development. Employee development and organisation development go hand in hand.

In the area of recognition and reward, though the system have not been able to achieve satisfaction from all users, a good beginning is made for identification of good performers and recognizing them. Achievement of targets had a link with the performance rewards and personal development. More than the amount received, people longed to be in the group receiving acclaims and rewards. This longing was more seen in the new recruits. The feedback system served as an
effective tool in improving the work culture of organisation. The change in work culture is felt in terms of team work and sharing of learning experience. In many cases this ultimately helped problem solving and interdepartmental conflict resolution. The system has increased the role clarity.

Training And Development efforts imparted knowledge, developed skills, enabled the company achieve corporate objectives without rendering employees redundant. Training programs did focussed on time, cost, quality, work culture. Learning is also made possible by assigning tasks related to new products. This enables individual development. Sub-systems Job enlargement, job enrichment and job rotation are used to facilitate the learning process, in addition to the training efforts.

Behaviour modification took place wherever expectations and behaviour of department head and that of reference group were in congruence with what is learned in the classroom. Where department head (or superiors) were not accepted as a role model, behaviour modification did not take place. It was found that wherever his subordinates do not see department head as a role model, or if he is not listening to the point of view of subordinates, such departments
faced the problems of poor performance and "problem employees". The department head’s attitude towards his subordinates also had an impact on employee learning and individual development as well as the organisation. A few offered resistance to change and sabotaged management efforts, when change was induced through backdoor, or without open and transparent methods informing and involving people.

In one environment, two persons who were rated as low performers (among the bottom 10 per cent) were changed to another department, which requires, use of computers, more systematic work and documentation, they performed well. Not only that, they won performance awards (among the top ten per cent). As the new department head was committed to systems, the department released them for training and the job improvement plans were identified and implemented. The department head also took keen interest in employee development and systems.

Training programs helped in increasing the number of people qualified for critical processes, improved communication and feedback, better understanding of inner strengths of people and thereby more autonomy and less control, more work place improvements and innovations. People came forward with work and business problems with out any reservation.
“I never thought that I will be using computers some day. Now I learned computers and work systems. I took considerable time to learn the system. Now things are okay”. Without the system in its present form, this employee would not have got the opportunity to learn but would have been declared ‘redundant’ ... eligible for retrenchment!

Note: Case studies which describes the existing scenario when the systems were introduced and the results achieved are given as appendices. Resulting performance / efficiency indicators are discussed in chapter VI.