



ACADEMY OF HUMAN RESOURCES DEVELOPMENT

Developing HR professionals and enhancing HR professionalism

NEWSLETTER, July 2009



**FEATURING SPECIAL ARTICLE BY
DR. PRADIP N. KHANDWALLA**

**“GOODNESS PAYS: A NEW
PARADIGM OF MANAGEMENT”**

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Snapshots @ AHRD

10th Experiential Workshop: Learning Instruments in HRD & OD



Academy's Participants of Learning Instruments in HRD & OD during May 20-23, 2009

The 10th experiential workshop was held at India Habitat Centre, New Delhi during 20-23 May 2009. It focused on assessment and development of personal, interpersonal and organizational orientation in terms of individual role effectiveness, managerial roles effectiveness, development of personality, leadership, team building and organizational culture and climate.

Participants had exposure to nine selected instruments successfully applied in the Indian setting. They had acquired knowledge and experience back home, to play crucial role of a facilitator using Instruments for different OD interventions. The instruments focused in this program included MBTI, 16 PF, 360 Degree Feedback, Managerial Style Questionnaire (SPIRO), Transactional Style Inventory (TSI), Team Effectiveness Assessment Measure, Occupational Personality Questionnaire (OPQ), OCTAPACE and Organizational Climate.

The workshop was marked by the presence of 12 participants from various sectors of the business and service. The knowledge transfer was facilitated by the top Gurus of HR in India- Dr. Udai Pareek, Dr. Satish Kalra, Dr. Rajen Gupta, Dr. P. V. Bhide, Dr. Seema Sanghi, Mr. Prem Swarup, Ms. Rekha Bhardwaj and Dr. Hardik Shah.

The feedback received from the participants was very encouraging. The participants found that the instruments learned during the program would be useful.

"... The workshop has revived the knowledge and apprised about the latest trends."

– K C Hans; Sr. Manager HRM; Bank of Baroda

"...The workshop gives me the confidence to use the available instruments to diagnose organizational situations and carry out interventions"

– R Balaji; Manager; HR Schneider Electric I Pvt Ltd

Dr. TV Rao inaugurated First Contact Classes of the Fellow & Associate 2009-12 Batch

Academy was graced to have Dr. T.V.Rao, Chairman TVRLS and Adjunct Faculty, IIM-A as the chief guest for the inauguration of the first contact classes of F&A 2009-12 batch. He emphasized the importance of research and its critical relevance in achieving over all organization objectives. He told that research is search for truth. He also mentioned that decisions backed with research data enhance the credibility of HR professionals. In today's world research competence is the key differentiator for the performers and non-performance. He also briefed the participants about the overall research scenario in India and given directions for future researches in HRD and OD areas. The participants were highly jubilant and motivated **discussing with Dr. TV Rao – the HRD Crusader.**



Eight participants who had joined and attended the first contact classes organized from 1-20 June, 2009 at Academy's Campus at Thaltej. The participants are from the companies including ITC, Jindal Stainless Ltd., Intiate Fashions, Granules India Ltd., Medicare Centre Hosiptal, Novell Software Development, and Acme Technologies. Out of the nine modules of the program, four modules were covered in first contact classes of this year, which include **Macro Perspectives on HRD, Managing and Understanding HRD Interventions, Research Methods and Techniques and Statistical Tools & Usage.**

Prof. Pramod Verma (Ex-IIM-A), Prof. Pradyumana Khokle (IIM-A), Mr. H. Anil kumar (IIM-A), Prof. Biju Varkkey (IIM-A), Dr. D.M. Pestonjee (Ex-IIMA), Prof. Arnab Laha (IIM-A), Prof. Chinnam Reddy (SKIM), Mr. Sumeet Varghese (Independent Consultant), Prof. Dipti Sethi (ICFAI-ADAMSMITH) and Dr. Hardik Shah (AHRD) were the distinguished visiting faculty invited to take sessions during the contact program sharpening writing competencies of the participants. The participants expressed overall satisfaction and gratitude.



Experiential Workshop: Research Methods in HRM



In the downturn scenario where very few companies are exhibiting long term orientation and development focus, National Thermal Power Corporation (NTPC) known for its continuous people development initiatives has realized the need and importance of research skills and conducted a four day workshop on 'Research Methodology for HRM' at Power Management Institute of NTPC, Noida during 8th – 11th July, 2009 in joint partnership with Academy of HRD. The workshop was facilitated by Dr. Udai Pareek, Mr.K.K.Verma, Dr.Surabhi Purohit, Prof. Harismita Trivedi, Dr. Sharad Saxena and Dr. Hardik Shah. The workshop mainly dealt with the use of research methodology, theories and concepts, statistical tool and techniques in identification of research questions, development of skills for researches in HRM related areas. Special emphasis was place on the organizational surveys and OD intervention designs and implementation of these designs. The pedagogy heavily relied hands-on experience in practical problem solving and decision supports using statistical techniques and SPSS. Participants also selected projects as back home assignments in different areas of HRM including HR Friendliness, Employee Engagement, Grievance Handling, IR issues, Employee Morale and Family and such other involving research methods. The overall satisfaction level of the workshop was very high at 4.43 scores out of 5.0.

"It is indeed a great learning experience having wide application" – Naveen Saha

"I am very much satisfied and in favour for more such programs." – John Philip

In-Company Management Development Programs

The following are the illustrative lists of our In-Company Modules designed to meet some of the needs of the organizations. These modules will be tailored to meet the client company's current and future needs leading to enhanced business performance.

HR Processes	<ul style="list-style-type: none">• Training Needs Assessment• Faculty Development Program for HR teachers• Strategic Human Resource Management• HRM for non HR professionals• Redesigning HR policies• Consulting Skills for HR professionals (Strategic Business Partners)
Performance Management	<ul style="list-style-type: none">• Designing PMS for high performance• Performance Management and Coaching
Leadership Development	<ul style="list-style-type: none">• Program on Building Values, Culture and Leadership• Appreciative Inquiry for Organizational Change• Appreciative Inquiry for Organizational Change Leadership• Coaching and Mentoring Skills
People Development	<ul style="list-style-type: none">• Becoming Team-Player and Team-Leader• Managerial Skills for First Level Managers• Human Process Laboratory for Behavioral Skills• Cross Functional Team Effectiveness• Behavioral Event Interviewing Skills• People Management Skills for Middle Management• Self Development Workshop
General Management	<ul style="list-style-type: none">• HR in Board Room• HR Issues in Mergers and Acquisition• Entrepreneur becoming professional leader (Young Professionals)• Diversity – Cultural Imperatives and Engagement Strategies• Women Empowerment• Stress Audit and Executive Health• Learning Psychometrics for Selection, Potential Assessment, Team-Player and Leadership traits• Organizational Climate Survey – Diagnostic Study• Professionalizing Sales Field force• OD Interventions

**If interested, kindly send your queries to
'The Director', Academy HRD, Email: director@academyofhrd.org**

7th Experiential Workshop: APPRECIATIVE INQUIRY FOR ORGANIZATIONAL CHANGE

(Non-Residential)

NGOs & Faculty Members 50% Less

"AI" is a paradigm change philosophy. It is concerned with the positive side of the organization. It seeks out the best of what already exists in the organization and then helps to create a vision based on that very solid reality. It is daring to dream and actually living up to that dream of change management. It is uniquely created for the opportunities of the 21st century.

---- Peter Sorenson

DATES:
August 24 - 26, 2009

VENUE:
Academy of HRD, Ahmedabad

APPRECIATIVE INQUIRY

In this rapidly changing world, nothing is changing as fast as the management of change. Traditional Organizational Development (OD) efforts focus on what is wrong with organization and how to fix them. This leads to tremendous drain of energy and creates a sense of inadequacy in the people. Appreciative Inquiry (AI) is a different system - concerned with the positives of the organization in terms of 'what works'. This makes people more energized, strengthened and hopeful about the co-created future. The new energy and innovative ideas can be tapped as the basis of a radical transformation of the organization. "AI is more than a method; it is a paradigm change uniquely created for the opportunities of the 21st century".

APPLICATION

AI has been used very successfully in both the corporate and development sectors. Its applications can include productivity, innovation, strategy-development, organization renewal, customer service, business process redesign, safety and quality, corporate planning, mergers, diversity, evaluation, organization culture, team building, leadership development, management audit, social reconstruct and host of other issues, problems, questions or opportunities in the organizations.

FOR WHOM

- HR and OD professionals
- CEOs and entrepreneurs
- Professionals handling quality, mergers and acquisitions
- Project management and change agents of NGOs
- B-school teachers and management consultants.

OBJECTIVE

The workshop would aim at:

- Learning concepts, practices and processes of AI & Experiencing the power of Appreciative Inquiry in action
- Learn to apply the technology to a 'real-life' projects/initiatives
- Equip and creating the ability and competence to lead change exploring 'possibilities' and the positive space.

PEDAGOGY:

Methodology would be experiential with concepts and theory inputs along with small group interactions. **Participants are expected to bring with them case studies/ critical incidents of change management from their organizations that will be discussed using the Appreciative Inquiry approach.** All participants will be provided with a CD containing a book on AI, recommended articles, case studies and a listing of useful resources available on AI.

FACILITATOR:

Prof. R. SANKARASUBRAMANYAN

Sankar is a well-respected management consultant in Organizational Change area and runs Change Works. He has used AI in various assignments for both corporate and social sectors for the last 10 years. He was the National President of the Indian Society for Applied Behavioural Sciences (ISABS) during 2005-07, the oldest behavioral body patterned on the lines of National Training Laboratory (NTL), USA.

DR. WASUNDHARA JOSHI

She is a medical doctor turned behavioral scientist. Dr. Joshi is the Project Coordinator, AI for Sneha, the organization committed to promotion and applications of AI. She has worked in the public health sector and currently in the NGO sector with extensive experience in Appreciative Inquiry. She is also Consultant on AI for International Peri-natal Unit, UK.

Goodness Pays: A New Paradigm of Management



Dr. Pradip N. Khandwalla, Chairman, Academic Committee, AHRD and former Director IIM – Ahmedabad.

- 1) An international seminar in the late 1990s in the U.S. on Organizations of Wisdom and Courage in which I was invited to present a paper led me to think of various ways commercial organizations can display wisdom and courage. By wisdom in the business world I mean enlightened self-interest, and by courage I mean the courage to take decisions according to the values of the business in question.
- 2) An analysis of corporate wisdom and courage has enabled me to identify several paths of corporate goodness. These include corporate philanthropy, corporate social responsibility, business ethics, domain development, corporate democracy, and corporate spirituality.
- 3) Briefly, corporate philanthropy is donating for worthy causes. The key choice in corporate philanthropy is whether to give on the basis of outside pressure or fleeting compassion, or donate on the basis of thought-through priorities and focus areas.
- 4) Corporate social responsibility is the conviction that the corporation is a citizen, and like other citizens, owes it to the wider society a responsibility for benefiting society in return for all that society does for its citizens, such as providing security, facilities for education, health and leisure, various municipal services, etc. The key choices in corporate social responsibility or CSR are whether to have a clearly thought through social impact strategy, and what would be priorities in this strategy, such as community development, meeting national priorities, sustainable development ('greening'), and affirmative action.
- 5) Business ethics have to do with convictions about what is right and wrong, and good and bad. Ethics codes can be based on such religious premises as the Ten Commandments, the injunction of the Gita to do one's dharma without expectation of reward, brotherhood of man, as in Islam, Christian injunction to love one's neighbour as one's own self, the Jain injunction of non-violence, etc. Ethics can also be based on modern good business practices, such as 'customer is the king' 'give best value for money', act fairly towards all the corporate stakeholders, etc.
- 6) Domain development is the corporation's commitment to improving the quality and strength of one's industry, such as by constructively participating in the industry association, bailing out even one's rivals in difficult times, collectively lobbying the government for favourable treatment of the industry, sharing one's facilities even with one's rivals, joining a consortium of rivals to break into foreign markets, etc.
- 7) Corporate democracy involves such mechanisms as workers' participation in management through works councils and joint labour-management committees, participative style of top level decision making, employee stock option plans, appellate mechanisms within the corporation for redressing employee grievances, transparency in and clear accountability for corporate actions, and staff entitlements that resemble civil rights, such as the right to question management decisions, the right to form associations, the right to participate in decisions concerning one's career in the company, etc.
- 8) Corporate spirituality is commitment to such practices as collective prayer, collective meditation, and decision-making after self-purification.
- 9) After I retired from the services of IIMA, I felt the urge to write a book on management that highlighted these paths for practitioners and thought leaders. This book, titled *Management of Corporate Greatness: Blending Goodness with Greed* was published in 2008. It received the best management book of the year award given by NTPC and Delhi Management Association. I was motivated to write this book in part because I was deeply disturbed by the happenings in the corporate world, particularly the corporate scams that were breaking out in many parts of the world.
- 10) Consider the extent of business misconduct that has come to light in the last few years. Many corporations have been found to engage in wrongdoing such as bribing government officials, producing shoddy or even fake products, false and misleading advertising, driving out competitors through unethical means, conspiracies to fix prices, exploitation of employees, especially gender-based and community-based discrimination, use of strong arm methods to make customers pay, window-dressing of accounts to show higher profits and thereby jack up stock prices, insider trading, and wrongfully

influencing government policies. In 2008-2009, greed-based behaviour of American banks and financial institutions landed the whole world into serious trouble.

- 11) Corporate crime has reached alarming levels in the U.S., the world's most advanced market economy. According to studies, in the 1990s two-thirds of Fortune 500 companies were convicted of serious crimes ranging from price fixing to illegal dumping of hazardous wastes. Corporate fraud cases seem to be doubling every decade – they increased from 6000 in 1984-5 to 11000 in 1998-9. US business illegally employed 700000 children, of which 200000 sustained serious injuries at work. Employees of American companies were estimated to steal \$400 billion of corporate property, while the US business lost some \$70 billion a year through cyber crime.
- 12) Corporations the world over, many considered blue chip companies, have been caught committing crimes. To doctor its accounts, and show high profits to jack up the stock price, Enron resorted to fake partnerships, fake sales of assets, insider trading, premature booking of profits, parking of borrowings in special purpose vehicles, etc. This enabled Enron to bloat its reported profits five times of the real earnings. Much the same story was reported for WorldCom and led Bernard Ebbers, its CEO, to be sentenced for 25 years. E.G. Hutton, US, faced 2000 cases for mail and wire fraud. Kidders Peabody, a GE subsidiary, enabled Joseph Jett, a Harvard MBA, to generate \$350 million in fictitious profits. MiniScribe, US, generated fictitious sales by shipping re-wrapped obsolete products, and shipped out twice the volume of products contracted for sale. Its enterprising officials even broke open the trunks of auditors to alter the year-end profits! Manville Corporation, US, producer of asbestos, hid for years research findings that linked asbestos to asbestosis, a potentially lethal disease, and eventually faced 6000 suits.
- 13) The same was the story of several tobacco companies in the U.S. and Britain. Livent in Canada defrauded investors and creditors of C600 million. NEC of Japan bribed officials of Japan's Self-Defence Force to generate business. Mitsubishi Motors, another Japanese company, hid defects that led to multiple deaths and injuries, and Show Brand Milk Products, also Japanese, sold contaminated milk that made 14000 persons sick. The heads of two South Korean chaebols – Daewoo and Hyundai – were both sentenced for fraud and embezzlement. Parmalat of Italy siphoned off billions of dollars. BCCI, the British bank, engaged in all sorts of shady practices, including illegal trade in arms, ammunition, and narcotics. Such misconduct invites stringent regulatory legislation with high compliance costs. The Sarbanes Oxley Act enacted by the US Congress, and widely adopted by many other countries, has been estimated to cost \$5.5 billion a year to US companies in compliance costs.
- 14) Such business misconduct, driven by greed, raises questions about the viability of our present market economy. It raises major concerns about the fate of our market economy based civilization: how do we retain the strengths of the market economy and reduce its potential for misconduct? Yes, liberalization, de-regulation, and globalization have enabled our economy to go from a 4% to 5% growth rate until the end of the 1970s to a 9% growth rate, and while the trickle down has remained confined mostly to the middle class, the middle income class has certainly burgeoned. But the country continues to be ranked as one of the world's most corrupt societies by Transparency International. How do we retain the strength of the market economy without stringent regulation that may breed widespread corruption and impose huge compliance costs on both the corporate sector and the regulatory apparatus? How can we make the market economy more humane, so that the economic development it yields is rapid, decent, and inclusive?
- 15) These questions led me to wide search. I looked for examples of companies that were high performers on the business front and also were ethical and/or displayed high corporate social responsibility. I also looked for research findings on the relationship between decency and profitability. This relationship is crucial, because in the business context, if decency leads to serious erosion of profitability, few businessmen would risk taking the route of decency.
- 16) I was delighted to find around a hundred published corporate cases all over the world, of companies big and relatively small, in a wide range of manufacturing and service industries, and in developed as well as in emerging market economies, that were profitable and also treading one or the other paths of goodness I was investigating. Let me share briefly the efforts of a few of these companies.
- 17) Sony Corporation of Japan is well-known for its innovations that have revolutionized how we entertain ourselves: magnetic tape recorder; transistor radio; Walkman; colour TV; camcorder. Not many know, however, that Sony explicitly set out in 1945 to assist in the reconstruction of Japan after its devastation in the Second World War, and to change the reputation of Japan from being a producer of cheap, shoddy products to one of a producer of innovative, high quality products.

- 18) Tokyo Electric Power Company, the world's largest power utility, with a power generating capacity of half of India's, had, in the mid-1990s, achieved sulphur and nitrogen oxide emission rates of 0.4 grams per kwh, compared to 6.5 grams and 3.2 grams in the U.S. and Western Europe.
- 19) Johnson & Johnson of the U.S. was hit by a problem in 1982. Seven persons died in the Chicago area because some outsider had laced its Tylenol bottles with cyanide. The company withdrew all Tylenol bottles from the entire U.S. market at a loss of \$100 m. It deployed 2500 persons to deal with the problem and alert the public. In contrast, Bristol-Myers, whose Excedrin tablets had been tampered with in Denver, Colorado, withdrew tablets only from the Colorado area, and there was no campaign to alert consumers.
- 20) Bharat Heay Electricals has been able to supply nearly 90% of the power equipment that has enabled India to increase its power output nearly 60 times after Independence. During 1975-1985, it nurtured some 2000 ancillaries, took over the management of two sick public sector enterprises and turned them around, increased its exports ten times, and planted 2 million trees.
- 21) Several small and medium-sized companies have also been trying to be decent and profitable. Day Chocolate of Britain has been a votary of Fair Trade Movement that fights for a fair deal for Third World producers. For instance, cocoa growers in Nigeria, cocoa being a key ingredient of chocolates, have been an exploited lot. So Day Chocolate put two cocoa growers on its Board to make their voice heard. Day Chocolate has been promoting community development in Third World countries, and in its hiring gives weight to those prospective employees that are aware of, believe in the Fair Trade Movement, and have participated in community development work in Third World countries.
- 22) Ben & Jerry's is a relatively small American ice cream maker. The company was started by a couple of entrepreneurs who were committed to caring for the environment, as well as for other stakeholders, as well, of course to making money. They have been committed to making ice creams from only natural materials, and to buying these materials from disadvantaged sources such as the aborigines of the Brazilian rain forest and cooperatives of small family farms in the U.S. It has been quite innovative in sustainable development. For instance it uses the cold air for refrigeration purposes during the winter, recycling of various waste products and using some of them for energy generation, feeding spilled ice cream to pigs rather than throwing it away, etc. It has also been contributing 7.5% of its profits to charity, and has been participating in various causes such as diverting 1% of the American defense spending to international peace. At the same time the company has displayed a strikingly good record of business performance. Its sales grew from \$48 m. in 1988 to \$132 m. in 1992, and its profits grew from \$1.6 m. to \$6.7 m. in a highly competitive environment.
- 23) Several commercially successful Indian companies have also demonstrated a strong corporate social responsibility. For instance, Gujarat Ambuja Cement had provided help to some 30000 farming and horticultural units, and set up 3 hospitals by 2001 through its foundation. HINDALCO, an Aditya Birla Group company, has impacted some 120000 persons in over 100 villages by assisting in watershed development, education, capacity building, literacy, health, etc. National Mineral Development Corporation, a public sector company, has also been very active in community development. It has provided free medical care to some 50000 tribals, built over 30 bridges and culverts, given medical equipment to local hospitals, trained rural youth for self-employment, and built nearly 200 kilometers of local roads. Tata Steel has, of course, an outstanding record of corporate social responsibility. It has beneficially impacted the lives of several lacs of tribals living around its plants. It has also reduced its energy and other inputs per ton of steel produced by around 15% during the past few years.
- 24) It is clear that despite hyper-competition, several companies *can* demonstrate altruistic and ethical behaviour in one way or another. But a key question is: does commercial prosperity lead to altruism, or does corporate altruism have a beneficial impact on business performance? I looked for research evidence for finding an answer to this question.
- 25) Research indicates that corporate goodness pays. A number of studies in the West have tried to find out whether corporate social responsibility is linked to business performance. In the majority of the studies, a positive link was found. In a recent study of nearly 400 American banks, the banks that were active in CSR, outperformed those whose CSR was below par. In another American study of 650 companies, increased CSR was associated with *subsequent* improvement in business performance, thus suggesting a causal link from CSR to business performance. Other studies have shown that at least in the West, both prospective job seekers and prospective customers prefer a strong CSR company to one with a bad record, and increasingly, mutual funds use a CSR and ethics screen to screen out investments in bad companies. Such investments may have crossed the two trillion-dollar mark by now. Such a screen can

buoy the market valuations of decent companies. A further interesting finding is that CSR reduces the financial risk of the company, thus elevating the price/earnings multiple of the company.

- 26) So if we put all the research findings together, decent companies are likely to have more loyal customers and employees, better profitability, and higher price/earnings ratios. Goodness pays handsomely, even in India. Just look at the market valuations of decent companies like Infosys, Wipro, Lupin, Tata Steel, and several Aditya Birla Group companies, all attempting to work profitably but also decently and do their bit for society.
- 27) Even corporate spirituality may have positive social and top and bottom line consequences. It has been demonstrated time and again, that when TM is done together by a group, crime and violence rates tend to fall. In several cities around the world, this Maharishi Mahesh Yogi Effect led to reduction in serious crime by about 20%. Even corporations may benefit from synchronized TM. In one American chemicals and auto-parts company, TM was tried out by a group of managers and other staff at the same time and place for four years. Productivity rose by 54% during this period, sales per employee by 88%, and absenteeism declined by 89%!
- 28) It is clear that altruistic corporate behaviour and strong business performance can coexist, and altruistic behaviour can also contribute to business performance. I was intrigued by the question of how altruistic behaviour can contribute to the top and bottom lines. The case of Procter and Gamble (P&G), a big American MNC in the business of consumer products, illustrates how this can happen. P&G was no believer in corporate social responsibility in the 1970s when its products were under attack in America because they contained highly polluting phosphates. In their self-interest, P&G invested some \$130 m. in R&D to come up with phosphates-free consumer products. The R&D was focused on the inputs that went into its products, the manufacturing processes, and the products that P&G produced and marketed. For instance, R&D found ways of maintaining the absorptive capacity of tampons and huggies with say one-third less materials. Less environmentally damaging inputs were developed to substitute existing inputs. The plants were reorganized in such a way that the waste products of one plant became the inputs of the next, nearby plant. The form of the final products was changed. For instance, detergents were dehydrated to reduce bulk and therefore required much less packaging, and re-useable packaging was developed to substitute large containers. Success in these initiatives led P&G to become a vociferous and important votary of sustainable development.
- 29) The model that emerges from my research is the following: Corporate commitment to goodness eliminates some of the unsavoury options available to the company and thus threatens its profitability. This *may* motivate management to wide search for decent alternatives to current inputs, processes, outputs, and activities. If it does, what has been taken for granted so far – policies, business strategy, products and services, technology, organizational structure and management systems, corporate values and culture, and so forth - gets actively questioned. This search yields profitable options and innovations that can strengthen both top and bottom lines. If these options are effectively implemented, the corporation strengthens its top and bottom lines. This in turn strengthens the corporation's commitment to decent conduct because such conduct is experienced to be in its self-interest.
- 30) If such conduct becomes widespread in business, it can help create a humane business civilization that promotes strong, caring and inclusive economic growth. This therefore is the new paradigm of management that needs to be propagated. This does not require businessmen to become saints or Gandhians. Gandhism requires a level of ethical and spiritual human excellence that may be beyond the capacity of most businessmen. But enlightened self-interest is not beyond their capacity. After all, many entrepreneurs have turned to professional management because they have found it to be in their self-interest. If they understand that corporate goodness contributes to long-term corporate business performance, then a large number of businessmen could be swayed away from dishonesty, exploitation and corruption, to ethics, corporate social responsibility, values, and democratic functioning. Corporate conduct could get closer to what Gandhiji had in mind when he advocated business trusteeship.
- 31) Greatness needs to be managed. To me, a 'great' company is one that excels at both business performance and goodness. In my book I discuss three other kinds of corporations: 'corporate bums', very commonplace, are low on both goodness and profitability; 'noble paupers', much rarer, are companies that are high on goodness but low on business performance (many public sector companies fall in this category); and 'corporate mints' are the few companies that excel at profitability but are low on goodness. All three types can move to the greatness category with appropriate management. Based on case studies and research, I have described several management mechanisms for excelling at goodness, and also several actions that can enhance business performance. I have also indicated how the governance of the country needs to change to make corporate greatness more feasible, and also the

role civil society can play in transforming a dubious market economy into one that provides decent, inclusive growth. Widespread corporate greatness is within our grasp.

- 32) Let me touch upon the human resource management implications of this new paradigm of management. Goodness requires a commitment to humane values, to be ingrained into the corporate culture through recruitment and selection, training, promotion, rewards, etc. A code of decent, ethical conduct needs to be not only adopted, but institutionalized through HRD, constant communication, and tangible rewards for compliance and tangible penalties for infringement. People with commitment to social causes like sustainable development and affirmative action have to be recruited and/or identified from within the company and deployed for the company's CSR initiatives, not as punishment postings, but as part of the process for grooming executives. All training needs to have a module on ethical and socially responsible conduct relevant to the subject-matter of the training program. Staff participation in decision making through works councils and other forums needs to be promoted. A system of grievance redress needs to be established for addressing transparently the grievances of staff and managers for such decisions as promotion, transfer, and termination. Active participation in the HRD initiatives of the industry association needs to be promoted. Practices like collective prayer and meditation at work need to be promoted. The foregoing agenda of HRM and HRD would require a great deal of retraining of HR professionals.

Attrition in Pharmaceutical Industry



Prof. Jallavi Panchamia, Faculty Member HR & OB Area, SK Patel Institute of Management and Computer Studies

Attrition and Organization Image: Indian pharmaceutical sector is one of the most intense "Knowledge Driven" sectors, which is continuously in a state of dynamic transition. Particularly in Gujarat, pharmaceutical sector is one of the biggest sectors in the economy that played an important role in GDP growth of nation. Gujarat accounts for 40 % of India's total pharmaceutical production and 17 % of its exports¹. The pharmaceutical sector—which employs a total of 500,000 people in India across domestic and global firms—is losing at least 30% of its workforce annually, primarily in sales and marketing, for reasons ranging from low salaries to lack of growth opportunities and a new perception of it being an unstable industry². Indian pharmaceutical industry is facing serious employee attrition problem. Globally, the rate of attrition in pharma sector is only 10 to 12 per cent. In India, the pharma sector annually experiences an employee turnover of 30 to 35 per cent at the field level and 8 to 10 per cent at the managerial level. The secondary data from major players in the Indian pharmaceuticals industry, like Ranbaxy Laboratories and Sun Pharma, said that the attrition rate has been comparatively less in the last few years, especially on the marketing and manufacturing fronts, though the R&D front is still an area of concern for this matter. Now days, Indian pharma companies are expanding their base in the regulated market and acquiring companies from outside. Companies like Dr Reddy's Laboratories, Sun Pharma, Zydus Cadila, Lupin etc. are on an acquisition spree and will definitely need talent, both global and local. The attrition rate is an indicator of brand image of the organization, and it affects both internally and externally³. Internally, it sends a wrong signal to their employees and the board of members; externally, it can affect the company in various ways such as developing a bad image or dissuading fresh talent from joining. Attrition is likely to be more challenging from a management point of view where skills are relatively scarce, where recruitment is costly or where it takes several weeks to fill a vacancy.

Attrition Survey of pharmaceutical organizations: The study included a survey carried out among 11 pharmaceutical companies mainly in Ahmedabad and Vadodara. This survey is to understand the causes of attrition for the selected sample of organizations which are greatly affected by the higher attrition rate. This study mainly focuses on the comparative study of attrition rate between large scale (having sales turnover more than 400 crores) and small (having sales turnover less than 400 crores) scale pharmaceutical companies. In order to get a proper unbiased analysis, companies were divided into two groups as per their sales turnover, market presence and size of the organization. It analyses the cadre, age group, tenure, function and gender

¹ Discussion note given by CII (Confederation of Indian industry), 2007.

² <http://www.livemint.com/2008/10/27205907/Attrition-rate-among-highest-i.html>

³ <http://www.financialexpress.com/news/calculating-employee-attrition/78891/0>

which are more affected by high attrition. Respondents were manager (HR) in respective organization. All the respondents were having overall idea of attrition scenario in their organization.

Major findings:

- The average attrition rate of industry comes around 23 %. The survey observes the higher attrition rate in large scale industries (25 %) compare to small scale industries (20.6 %). The employees of large scale industries get more no of opportunities compare to those from small companies, so they are more prone to leave the job.
- In large scale companies, highest attrition is observed in middle as well as in bottom level of employees whereas, in small scale companies, highest attrition is observed in bottom level of employees. Overall data shows higher attrition rate mainly in bottom level of employees. Other literatures also observe same kind of phenomenon in field level work force in pharmaceutical companies. Mr Ajay Piramal, Chairman of Nicholas Piramal, says that attrition is 20 per cent at the field level, but lower at the higher levels.
- The analysis revealed that there was significant difference in attrition rate in different departments in organization. The employees in the marketing and production department recorded highest attrition rate around 22 %. The bottom level employees appeared to have higher strength in both these department, more over, stress due to nature of job, monotonous job, less compensation, fitness problems etc. affect attrition in these two departments.
- It is revealed that maximum attrition is taking place among employees in the age group of 20-25 years in large scale organization, and in the age group of 26-30 years in small scale organization. The employees of these age groups are more prone to leave their jobs because they are more energetic, money oriented, not yet settled in their life, so they can easily switch over to another job for better package and profile.
- The survey found that employees with an experience of 1-2 years were job- hopping the most in both large as well as small scale companies. The employees with experience of one to two years have good learning exposure and training during that period so they get good opportunities outside the organization.
- The analysis revealed that the women employees were less prone to job changing compared to men. It was also found that absenteeism was high in females than males but attrition rate was quite low in females.
- Main reason for higher attrition in large as well as small scale companies was found to be better package and better profile outside the organization. After that stagnant career growth and job dissatisfaction were major responsible factors for attrition. Other factors responsible for attrition were work culture and timings, attitude of seniors, home relocation issues, family and health issues, HR policies etc. in both the group of companies.

Pharmaceutical industry is dynamic industry and looking at the scenario of which is very difficult as reducing the attrition rate is quite challenging. They need to carve HR initiatives which will curb the attrition trend by engaging employees through different career stages and thus providing personal identification, satisfaction and ownership. Another approach to reduce attrition is apt staffing in which candidates with vision similar to that of the organization are recruited, job profile is structured to make him feel responsible and have a feel of autonomy. The reward system should need to reinforce the core values and strategy of the organization. Recently few major pharmaceutical players have tied-up with educational institutions to meet the challenge of talent crunch, especially in research and development. Lupin, which has strength of 400 scientists, encourages its employees in the R&D section to take up PhD programmes where senior employees act as guides to these Ph.D students. This not only helps in raising the knowledge quotient of the employees, which, in turn, benefits the company through the research work that they carry, but also acts as an incentive towards retention. A same kind of efforts has been observed in Nicholas Piramal India Ltd and Dr Reddy's laboratory through their tie-ups with reputed educational institutions in India.

Reference:

- I Human resource management review, July 2007, page no .59
- II Indian journal of training and development, June 2002, page no 87
- III <http://www.bpointia.org/research/attrition-rate-big-challenge.shtml>
- IV <http://www.expresspharmaonline.com/20061115/anniversariespecial06.shtml>
- V <http://www.livemint.com/2008/10/27205907/Attrition-rate-among-highest-i.html>

Straight from the CEO - "Of Maslow and Herzberg!" ***



Mr. Soumen Karkun, Dy. Managing Director, Holtec Consulting

Give me one HR professional who has not heard of Maslow and Herzberg; of lower order needs and higher order needs; of hygiene factors and motivational factors. Surely, it would be an onerous task to locate even one! But then, Maslow and Herzberg propounded these theories for the individual in an organization. The question they sought to answer was, "What makes an individual tick?"

Now give me one HR professional who has tried to apply these theories, not to the constituents of the organization, to the organization itself. Or, to simplify things a bit, to the organization's owners! I would truly be surprised, if anyone has made this effort even once. A basic dread of "belling the cat" is really not the reason. Let's admit it guys; we just haven't thought about it!

In the big, unrelenting world of corporate, capitalistic business, which has been in fashion since Marx lost, profit, more than anything else, is the declared organizational need. Director-owners spout it out in Board Rooms, managers rush to implement it!

If one were to classify profit in terms of Maslow's need hierarchy or Herzberg's factor definitions, no prizes for guessing where would it fall? Lower Order, vide Maslow and Hygiene Factor, vide Herzberg, I'm positive. Profits are monetary, liquid profits (which are more desirable) even more. And money, my friends, is unequivocally lower order – hygiene!

Now while it is undeniable that an organization's culture is a functional culmination of the values of the people constituting it, the converse, possibly, is even more true. Numerous are the examples in research, where it is clearly established that organizational values have a significant rub-off effect on its members. Thus, if the organization's professed need is lower order – hygiene, is it not natural to assume that its members too would crave for the same?

Why then do management pundits and behavioral scientists, continue their "till the cow's come home" crusade of convincing us that it's wrong to ask for enhanced monetary rewards – that what really works is self actualization, responsibility, job enrichment and what have you.

Statistics confirm that turnover rates (base reason: higher emoluments in the next job as revealed during exit interviews – with friends) are highest in organizations which have ostensibly declared their primary corporate mission as profit enhancement. Surely, the correlation is not so difficult to establish now – that is, if you have been following my drift.

Give me employment in a company which ostensibly professes non-profit motives, which focuses more on less monetary – connoting missions, and I shall at the same time of the next performance appraisal, keep silent about a rise in the paycheck!

A message therefore to owners and corporate managers – if you want your employees to be bashful about money, doesn't keep yelling about profit from every organizational portal. Maybe you can play it coy!

Research Abstracts - "Change Leadership"

From Change Management to Change Leadership: Embracing Chaotic Change in Public Service Organizations

By Karp, T. & Helg, T.I. (2008), *Journal of Change Management*, Vol. 8 (1), pp. 85–96.

Abstract: The objective of this article is to describe a way for public services leaders to lead chaotic change. By chaotic change, it is meant changes in an organization when the external and internal complexity and uncertainty is high which is the case for most public organizations. Suggestions are made on how to lead chaotic change by influencing the patterns of human interaction and to focus change management on people, identity and relationships by changing the way people talk in the organization. Building on experiences from the private sector, the authors

contend that change management effectiveness is low because leaders underestimate the complexity of change, focusing on tools, strategy and structures instead of paying attention to how human beings change by forming identities through relating. Also, in public services, the complexity of change is high as it equally deals with the transformation of complex patterns of interaction and relating. Successful change management practices in public service organizations should therefore take better account of unpredictability, uncertainty, self-governance, emergence and other premises describing chaotic circumstances. For a leader, this necessitates paying attention to how people form identities in organizations and avoiding design-oriented managerial interventions, as well as keeping at bay the anxiety caused by not being in managerial control.

Self-regulation, strategic leadership and paradox in organizational change

By Taylor, A. and Schermerhorn, J. (2006), *Journal of Organizational Change Management*, Vol. 19(4), 2006 pp. 457-470

Abstract: The paper is to present a dispositional model using self-regulation as a foundation for the strategic leadership of organizational change. It explored the relationship between the self-regulation and regulatory-focus theory in particular, and integrates this literature within the strategic leadership and organizational change literatures to present a dispositional model with propositions about the relationships between these literatures. The authors found that strategic leadership of organizational change should allow for co-existent states of both continuity and change. Leadership teams should include a mix of individuals with promotion and prevention foci of self-regulation and should provide for a regulatory fit that cascades throughout the organization. Leaders should increase their self-awareness of promotion and prevention styles of self-regulation and rely on a mix of individuals that increase the chances of valuing and enhancing both continuity and change in their organizations.

Strategic change leadership

By Graetz, F. (2000) *Management Decision*, Vol. 38 (8), pp.550-562

Abstract: Against a backdrop of increasing globalisation, deregulation, and the rapid pace of technological innovation, the primary task of management today is the leadership of organizational change. Seeks to examine the role of leadership in managing the challenge of deliberate large-scale change and whether it is possible to pinpoint factors that are critical to leading change effectively. Also investigates the view that effective change leadership involves instrumental and charismatic roles, integrating operational know-how with strong interpersonal skills. Uses a qualitative, case study approach, involving three multinational companies operating in Australia. Cross-case analysis indicates that effective change leaders recognise the importance of blending the charismatic and instrumental dimensions of change leadership. The ability to conciliate and balance the two roles depends primarily on whether a leader possesses certain qualities and attributes required for effective change leadership. Strong interpersonal skills permeate these key change leadership qualities and attributes and provide the nexus between the charismatic and instrumental roles.

Transformational leadership in the context of organizational change

By Eisenbach, R., Watson, K., and Pillai, R. (1999) *Journal of Organizational Change Management*, Vol. 12 (2), pp.80-88.

Abstract: The importance of leadership to the change management process is underscored by the fact that change, by definition, requires creating a new system and then institutionalizing the new approaches. While change management depends on leadership to be enacted, to date there has been little integration of these two bodies of literature. Thus, the purpose of this article is to draw parallels between the change literature and the leadership literature; specifically, the transformational leadership literature that is primarily concerned with the capabilities required to enact change successfully. This is done by describing areas of convergence between the two literatures that point to the appropriateness of transformational leadership in enacting change. Finally, the papers in the special issue are previewed by identifying their underlying themes. What it takes to be a leader in the 1990s and beyond is really handling change (Roberto Goizueta, late Chairman and CEO of the Coca-Cola Company).

Managing change and changing managers from ABC to XYZ

By Burnes, B. (2003). *Journal of Management Development*, Vol. 22 (7), pp. 627-642

Abstract In an age where effective leaders are at a premium and where continuous change appears to be the order of the day, this article argues that organisations need to align organisational change and management development strategically and operationally in order to maintain and increase their competitiveness. Illustrated by the experience of two organisations that sought to implement major organisational changes, the article highlights the benefits of seeing managerial development and organisational change as parallel and linked activities and the pitfalls of not doing so.

HR Across the Globe

Infosys employees sceptical about new HR move

Infosys Technologies has launched a new HR initiative — iRACE (Infosys Role and Career Enhancement) — that is unsettling a section of the employees. Nandita Gurjar, group head — HR of Infosys told FC , “iRACE was initiated to sharpen the relevance of our current role-based career structure with our business imperatives, the company philosophy, the needs of our employees.” The programme design involved an analysis of feedback from clients and employees, inputs from industry benchmark studies and internal business strategies, the company said. Over 6,500 Infosys employees contributed to the analysis, planning and development efforts of iRACE. However, a Bangalore-based software engineer working with the company told FC that employee response to the initiative is not good. “Apart from the prospect of intermediate levels in promotion coming in, there is lot of confusion about what band level employees will be allotted and if salary will be same or cut according to new bands,” he said. Another colleague added that some employees have already begun to update their resumes and apply for jobs.

Source: <http://www.mydigitalfc.com/companies/infosys-employees-sceptical-about-new-hr-move-870>

Other HR News

- **Hiring Activity Moved Up By 5% In Feb 09: Naukri JobSpeak**
With increased hiring activity in cities like Chandigarh and Ahmedabad and across sectors such as Oil and Gas, Auto, Construction, Pharma and Insurance, the overall Job Index moved up by 5% from 738 in Jan 09 to 774 in Feb 09. As reported by Naukri JobSpeak, the Naukri.com job index for February 2009, seven cities saw an increase in hiring activity with Chandigarh and Ahmedabad topping the charts. Also, February registered a greater demand for sales and business development professionals and production personnel.
Source: 02-04-09 www.naukri.com
- **Deduct TDS From Expatriates Salaries: SC To Foreign Firms**
Supreme Court has ruled that foreign firms operating in India are under a statutory obligation to deduct Tax Deducted at Source (TDS) from the salary of expatriates employed in India even if the whole or part of their salary was paid in their native country. With this ruling, the apex court has set aside the high court verdicts that ruled that non-resident companies were not liable to deduct TDS on the home salaries paid to their expatriates in foreign currency under Section 192 of the Income Tax Act, 1961. The recent judgment is bound to have serious tax implications for multinational companies and their expatriate employees, as till now they were not paying tax on the payments.
Source: 30-03-09 www.deccanherald.com Compiled by www.naukri.com
- **Indian Companies Stalling Fresh Hiring To Cut Costs: Assocham Study**
According to a study by industry body Assocham, Indian companies are cutting costs by virtually stalling fresh recruitments in the wake of a global credit crunch. Out of 150 HR professionals interviewed, 90% said that fresh recruitments in the private sector have stopped because attrition rate has almost subsided in all sectors of the economy. As the global economic slowdown is worsening, HR professionals are under constant pressure to work out innovative strategies to cut unnecessary organisational expenditure and reduce fringe benefits such as bonus and other allowances, besides curtailing administrative costs. Also, to avoid layoffs, HR professionals have advised managements to cut salaries in the range of 10-15% at middle and senior-middle levels and 25-35% at senior levels.
Source: 29-03-09 www.livemint.com Compiled by www.naukri.com
- **Living Costs Very High In Mumbai And Delhi For Expatriates**
According to a study by HR consulting firm Mercer Consulting, Mumbai and Delhi are among the world top 10 most expensive locations for expatriates. The study has used New York as the base city with a base score of 100 points and calculated the cost of living in other cities across the world accordingly. Moscow emerged as the most expensive city with a score of 168.3 followed by Tokyo at 156.10. Among Indian cities, Mumbai (105.10) figured at the fourth place, New Delhi (96.60) at the eighth place and Bangalore (51.80) at the 29th place. Considering increasing costs, multinationals are now providing expat employees in India with luxury condominiums instead of luxurious individual apartments. These condominiums offer lifestyles matching expatriates expectations but at more affordable costs.
Source: 03-04-09 Hindustan Times Business Compiled by www.naukri.com

➤ **Mr Pramod Bhasin Is New Nasscom Chairman**

Mr Pramod Bhasin has been appointed as chairman of the executive council of Nasscom, the apex trade body for the Indian IT industry. Mr Bhasin, who is president and CEO of Genpact, was Nasscom's vice chairman previously. He succeeds Mr Ganesh Natarajan. Nasscom has also appointed Mr Harsh Manglik as the vice chairman of the council. Mr Manglik is the chairman and managing director for Accenture in India.

Source: 02-04-09 www.business-standard.com Compiled by www.naukri.com

Food for Thought !

"First and most obvious, bring out the three old warhorses of competition – cost, quality, and service – and drive them to new levels, making every person in the organization see them for what they are, a matter of survival." – Jack Welch, *Winning*, Pg 342

HR Humor !

Work vs Prison



IN PRISON... you spend the majority of your time in an 8X10 cell.
AT WORK... you spend the majority of your time in a 6X8 cubicle.

IN PRISON... you get three meals a day.
AT WORK... you only get a break for one meal and you have to pay for it.

IN PRISON... you get time off for good behavior.
AT WORK... you get more work for good behavior.

IN PRISON... the guard locks and unlocks all the doors for you.
AT WORK... you must carry around a security card and open all the doors for yourself.

IN PRISON... you can watch TV and play games.
AT WORK... you get fired for watching TV and playing games.

IN PRISON... you get your own toilet.
AT WORK... you have to share with some idiot who pees on the seat.

IN PRISON... they allow your family and friends to visit.
AT WORK... you can't even speak to your family.

IN PRISON... all expenses are paid by the taxpayers with no work required
AT WORK... you get to pay all the expenses to go to work and then they deduct taxes from your salary to pay for prisoners.

IN PRISON... you spend most of your life inside bars wanting to get out.
AT WORK... you spend most of your time wanting to get out and go inside bars.

IN PRISON... you must deal with sadistic wardens.
AT WORK... they are called managers.

Invitation to Fellows and Fellow Participants

We at Academy propose for closer ties with our Fellows & Fellow participants. We are planning to publish an edited book by Dr. Gita Piramal of selected papers of the Fellows and Fellows Participants. This book will content high quality papers written by you during your fellowship or recently worked upon papers, especially for the Academy. The book will not only integrate the efforts of you all, but also help the industry and HR professionals to look into relevant research areas and benchmarking practices across India. We will select the high quality papers after review and, we are considering you. Academy invites your unpublished research works to contribute towards exploring newer horizons, giving new directions, leading thoughts addressing vast gamut issues and challenges of HR field.

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We would appreciate feedback on this issue of newsletter and would like to have suggestions to make it better.

Please send your articles/current practices/suggestions to Hardik / Indranil at hardik@academyofhrd.org or indranil@academyofhrd.org.