



BEST WORKPLACES 2012

CASE STUDIES ON
HR BEST PRACTICES



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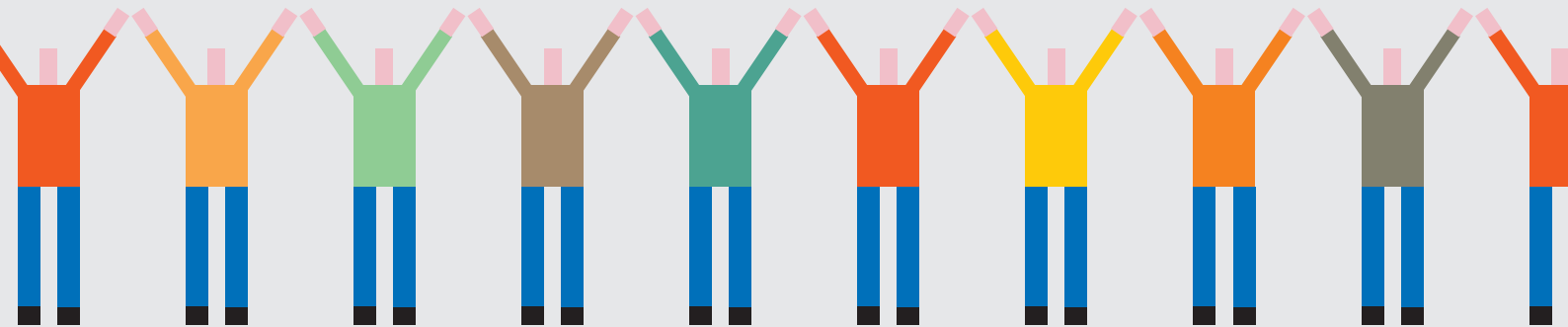
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ABOUT SHRM INDIA



SHRM India is a part of the world's largest professional, not-for-profit Human Resource association, SHRM – the Society for Human Resource Management. It has over 250,000 members in 140 countries. SHRM's mission is to support the HR professional and advance the HR profession through globally recognised certifications, collaborative communities, comprehensive resources, research, professional development opportunities, academic alliances and advisory services.

SHRM India provides a platform for thought leadership, sharing of best practices and professional networking within the Indian and global HR communities, in order to take the profession higher through continuous and collaborative learning.

The SHRM India Knowledge Center brings together knowledge and expertise in every aspect of HR in one place, for the convenience of the practitioner. Together, the SHRM India Knowledge Center resources enable and equip the HR professional of today to deliver in the current work context as well as meet future challenges. Supported by a bank of over 50 Subject Matter Experts and internal expertise, the SHRM India Knowledge Center offers cutting-edge resources, across all key and emerging HR disciplines. These include thought leadership, advisory panels, tools and templates, virtual events and research.

SHRM's comprehensive Online Resources provide rich content on both www.shrmindia.org and www.shrm.org. This huge repository of articles, research papers, case studies and related material on every aspect of HR within the Indian and global contexts constitutes the most current and comprehensive body of knowledge in HR. The websites also link to social media, provide up-to-date information on events and are the gateway to the Knowledge Center, virtual events and advisory panels.

SHRM India also offers Professional Development programmes, customised learning frameworks and skill-building workshops, with a focus on strengthening the core competencies among HR professionals. These include focused programmes in each of the HR sub-functions like Total Rewards, Staffing and Recruitment, Performance Management, and Business Alignment across all career levels.

Our Advisory Services offer consulting and customised solutions for corporate and academic institutions, based upon their business challenges and developmental needs. The core areas of advisory services are Leadership and Culture, Learning and Development, Performance and Rewards, Organisation Structuring, Talent Management and Employee Engagement, HR and People Manager Development.

The University Alliance practice of SHRM India, provides high quality standards of HR knowledge across universities in India and supports the HR curriculum with the world-renowned SHRM body of knowledge built over the course of the past 64 years. The purpose of this initiative is to develop a broad and consistent channel of HR talent in India.

The SHRM India Forums held in various locations across India are local learning stations, which enable professional development, networking, exchange of knowledge resources and practices within the Indian and global HR communities.

SHRM India continuously strives to release the latent potential of worldwide knowledge exchange in the space of business HR, by constantly expanding and redefining the profession and practice of HR in India and around the world.

To become an SHRM India member, contact us now on 1800 103 2189.



THE SHRM INDIA KNOWLEDGE CENTER



The SHRM India Knowledge Center brings together knowledge and expertise in every aspect of HR in one place, for the convenience of the practitioner. Together, the SHRM India Knowledge Center resources enable and equip the HR professional of today, to deliver in the current work context as well as meet future challenges.

The purpose of the SHRM India Knowledge Center is two-fold – to Support and Advance the Human Resource Profession. In line with our philosophy 'Knowledge is not enough, application counts,' we offer HR professionals a unique platform to sharpen and build their HR competencies while on the job.

Our cutting-edge resources, across all the key and emerging HR disciplines include:

HR Disciplines

Our repository of global and India based articles and research on our knowledge portal provide a go-to resource for HR professionals to update themselves on current and emerging workplace issues and their implications for HR.

Subject Matter Experts

The SHRM India Knowledge Center has a bank of over 50 Subject Matter Experts (SMEs). These leading lights in the field of HR have extensive and diverse experience in the industry, consulting and academics both, within the country and around the world. Our SME Advisory Panels are sources of real time advice and knowledge on all aspects of HR. SMEs also contribute towards SHRM's mission of supporting and advancing the profession by participating in Virtual Events, providing expertise to the 'Ask an HR Advisor' Service, partnering Capability Building, Thought Leadership and Advocacy.

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HR professionals can receive assistance from our full-time HR Advisors, on any HR issues or questions via E-mail. The HR Advisors draw on the SHRM body of knowledge and research, advice from a bank of over 50 Subject Matter Experts and their own professional expertise.

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Express Request (ER) is a self-service, online benefit that allows SHRM members to request and receive information on a variety of important HR topics directly in their inbox. To get an immediate response via E-mail, a member can just click on the topic on which he needs information.

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The SHRM India Knowledge Center regularly develops reference content on our website for members. This encompasses a collection of step-by-step instructional 'How-To-Guides' designed to walk an HR Professional through the practical process of how to complete a particular HR process, Toolkits, Sample HR Forms and Policies and other resources across all disciplines to help HR practitioners address day-to-day tasks, leaving them with more time to focus on their strategic objectives.

Virtual Events

Our Virtual Events, such as online Chats and Webinars, leverage technology to provide expertise to HR professionals across locations at minimal cost. All past Virtual Events are archived on our knowledge portal for easy access.

Research

The SHRM India Knowledge portal provides a repository of in-depth and groundbreaking global and India specific research conducted either in-house or in collaboration with external Subject Matter Experts. Our research papers provide HR practitioners with valuable insights on current challenges as well as help identify and anticipate emerging areas, future challenges and NEXT practices - keeping them ahead of the curve at all times.



About Great Place to Work® Institute



Great Place to Work® Institute is a global research, consulting and training firm that helps organisations identify, create and sustain great workplaces through the development of high-trust workplace cultures. We serve businesses, non-profits and government agencies in 45 countries on all six continents.

Our clients are those companies and organisations that wish to maintain Best Company environments, those that are ready to dramatically improve the culture within their workplaces, and those in between the two. We know that organisations that build trust and create a rewarding cycle of personal contribution and appreciation create workplace cultures that deliver outstanding business performance.

Each year, Great Place to Work® partners with more than 5,500 organisations worldwide with some 10 million employees to conduct the largest annual set of workplace culture studies in the world. Our business, from research to educational events to advisory and training services, is laser-focused on helping leaders create their own great workplaces.

- We have defined what a great workplace is and how to measure it
- We understand the benefits of creating great workplaces
- We know what distinguishes the best companies' efforts in creating great workplaces – the core elements that make programmes and investments successful
- We know how to help you create your own great workplace

How does Great Place to Work® Institute help companies?

There are several ways in which Great Place to Work® Institute helps companies and other organisations identify, transform and maintain great workplace environments. An organisation can:

ASSESS with such tools as our Trust Index® Assessment, powered by employee surveys; and our Workplace Culture Assessment, based on our Culture Audit®; and other assessment reports.

APPLY to one of our country, regional or industry BEST COMPANIES LISTS, which use globally standard Trust Index survey and Culture Audit methodology.

TRANSFORM business, using our Journey Training program, called Giftwork®, and our consulting services.

SHARE workplace culture best practices with other organisations by engaging us and others like you through our blogs and in social media.

READ our reports, manuscripts and books, including the newly published The Great Workplace: How to Build it, How to Keep it, And Why It Matters.

ATTEND our conferences, seminars, webinars, awards ceremonies and breakfasts.

BUILD your own best workplace.

Our goal is to help organisations bring the fundamentals of a high-performance workplace to life. We understand the underlying behaviours and principles that lead to credibility, mutual respect between managers and employees, and fairness in all practices and policies.

We are committed to build upon your own capabilities for creating and sustaining a great workplace. We respect your culture, your mission, and your history. Your company can be a great workplace, and you have the power to make it happen.

Join Us and Create Yours





The SHRM India Knowledge Centre is committed to developing in-depth case studies in specific disciplines to promote sharing of best practices and learning in Human Resource professionals.

Towards this effort, SHRM India partnered with the Great Place To Work® Institute, India to develop case studies on eight of the 50 best workplaces, identified through its annual survey in 2011. These case studies broadly fall into three key discipline areas as summarised below.

a. Strategic Human Resource Management: Culture and Change

A strong organisational culture driven by core values aligned to the business vision and strategy is an effective binding force and a competitive advantage for organisations. The first four case studies walk through the ways in which the identified organisations have successfully defined their HR strategy and organisational culture to seamlessly align with and enable the business strategy.

- The unique socially conscious business model of Fabindia emphasises on empowering and engaging its artisans and employees not only as shareholders but also by investing in their growth and development
- The Oberoi Group defines its “Dharma”, as specific behaviours driven by its core values. This needs to be lived by its employees and supported by its HR systems and processes to ultimately impact the bottom line
- Equitas Microfinance caters to the lower strata of society. As the leader in taking responsible microfinance to the next level, it emphasises on transparency and unique people practices across the various lifecycle stages of its employees
- In an era where organisations wish to clearly draw the line between personal and professional lives, Forbes Marshall believes in being the extended family for its employees. This case study highlights the role played by HR in building a family culture through accountability and continuous improvement of HR processes in this unionised organisation

b. Talent Development, Engagement and Retention

Talent development, employee engagement and retention initiatives are the need of the hour in most organisations. The practices highlighted in the three case studies in this section emphasise the rigour in their execution and the commitment of the leadership in owning and driving these initiatives.

- Employee Engagement is a primary focus area at Marriott Hotels. The underlying belief is that engaged employees provide excellent customer service and when customers are happy they come back and the business takes care of itself
- The talent development framework at Ernst & Young describes a holistic approach to employee development through learning, experiences and coaching
- The case study on Accenture highlights the creation of an engaging culture and the assessment of individual behaviours to ensure that this culture is nurtured and sustained

c. Performance Management

The last section on measuring and managing performance elaborates on the performance management practices at Agilent Technologies, a measurement company. This case study helps practitioners gain perspective on how to measure and manage performance levels.



STRATEGIC HUMAN
RESOURCE MANAGEMENT
C U L T U R E A N D C H A N G E



Fabindia: Weaving Ideology and Values through Human Resources

Fifty year old Fabindia, a leading ethnic wear retail chain of 147 stores, is well known for its craft-based jewellery, clothing, home furnishings, furniture, organic food and spices, amongst a host of other products sourced from artisans across the country.

The company has seen exponential growth since 2005. Fifty stores were added in just the past two years. This near vertical trajectory has proved to be a challenge for the company on several levels including, the availability of manpower at short notice, inability to allocate enough time for training and development as people are expected to move into their roles quickly and most importantly, having to move people to higher responsibilities before they are ready.

This case study elaborates on how Fabindia deals with these challenges and drives its people policies and strategies based on its strong ideology.

A Unique Business Model

A young American, John Bissell, founded Fabindia in 1960 with two clear mandates:

- The company is here to do business, to make money and is answerable to its shareholders and employees
- The creation of skilled, craft-based, sustainable jobs in the rural sector

The company's socially conscious business model is therefore, designed to ensure a deep reach to artisans in remote corners of the country with a commitment to keeping the traditional crafts alive in India. As a direct consequence of which, Fabindia has very specific business imperatives:

- To keep interest alive in the artisans
- To ensure that what they manufacture has a direct link to the market
- To create a market for their products
- To ensure that the customers are satisfied with what they are paying for and getting an authentic product

Being Accountable

Fabindia has three key stakeholders, whom it empowers by encouraging participative ownership of the brand.

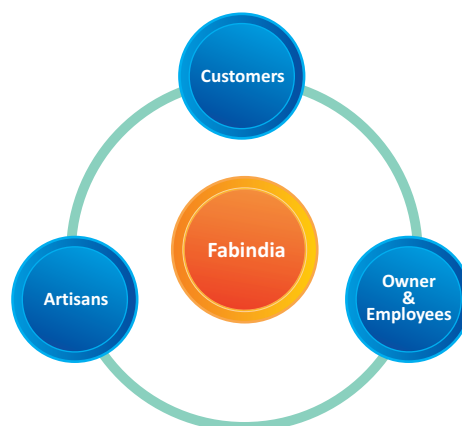


Fig 1.1: Stakeholders in Fabindia

Customers

Fabindia is a highly labour intensive and service driven business. It puts customers at number one because they consume the goods created by the artisans and thereby create a market for these products. The organisation fiercely protects brand loyalty by meeting and serving customer expectations.



Artisans

To help artisans make their goods more accessible, Fabindia has facilitated the setting up of 17 Community Owned Companies (COCs) three years ago. These public limited companies function like aggregators, where geographically close clusters of artisans hold shares and have individual votes in decision-making. Fourteen of the COCs have already started turning a profit, of which 12 declared dividends for their shareholders in 2010. This has not only resulted in a strong sense of ownership in the artisans but also ensures and maintains Fabindia's supply chain.

Owners and Employees

Seventy per cent of staff across all levels own shares in Fabindia because of which employees have a voice in the company's business decisions. The sense of responsibility in the company has increased because every employee is made aware of his or her rights and obligations as a shareholder.

People Facts and Challenges

Fabindia has a very strong value system and culture, of which continuous improvement is an intrinsic part. The HR department is relatively new to the company. It was created one HR process at a time, by first introducing concepts and creating openness in the minds of employees.

The ratio of HR to staff is 1:125, which translates into 13 HR personnel for 1500 employees. A single HR Resource handles each region. The team has no specialists other than one Training Manager handling Learning and Development for the company. All others handle all aspects of HR.

The exponential growth from 15 stores in 2005 to 147 as of date, means that the maximum number of employees have been added in the last five to six years. Seventy-one percent are below the age of 35 years and are not highly qualified. Managing their aspirations for growth which is limited by their education and capability and yet engaging and motivating them has been a challenge. Attracting, developing and retaining the right talent is critical to the company's expansion plans of adding 300 small format stores in 111 cities around the country over the next few years.

Using values and Ideology to Drive Business and People

Fabindia has articulated a set of seven core values, which include honesty, transparency and fairness in intent, based on the feedback and experience of the employees. Besides reinforcing these core values during induction, the HR team along with the functional supervisor revisit these values on the shop floor every six months. The values are also included as a key result area in every employee's appraisal.

Hiring for Ideological Fit

Fabindia's ethos read - Hiring to translate passion for our business ideology into satisfying careers.

The process of identifying the right fit starts at recruitment. HR uses several tools, including Behavioural Event Interviews, to assess if the individual's priorities align with the opportunities being provided by Fabindia. Even campus interviews are only conducted in Institutions that provide technical training required by the company.

The demand for ideological fit is more stringent above a certain level. The stress on ideology, especially the strong artisan connect, is reinforced through induction and orientation. These are designed to groom employees as per internal requirements and with the intent to create a constant pipeline of trained resources. The employee needs to understand and respect the product in the stores as being a creation of an artisan and a direct way to keep traditional crafts alive in the country.

The company's ideology is further cemented by incorporating it into Fabindia's assessment programmes and financial management. A demonstrated belief in organisational values is one of the key result areas in performance assessment for senior roles. The company maps and tracks expressions of any ideological or value system aberrations through 360 degree employee surveys and makes the necessary corrections.

Still, hiring mistakes do occur and the company has accounted for these by using six-month probation and a mid-term review with feedback to catch them before they become a problem.



Gender Bender

Fabindia employs 1500 people, of whom 1100 are on its rolls and 400 are contracted. It is an equal opportunity employer with a favourable 1.78:1, men to women ratio across the organisation. However, at the executive level 76 percent are women. Most stores have women at leadership levels, which is also very challenging because women juggle many priorities at the same time. The organisation supports the careers of women, some of whom have joined the organisation straight out of school or college, with leadership training, employment opportunities and leadership positions across all levels. The predominance of women in leadership positions is a direct translation of Fabindia's philosophy of empowering women.

Employees as Owners

In recognition of the contribution made by employees in achieving the 50-year milestone in 2010, Fabindia gave shares to every employee who had served a minimum of one year. Around 650 employees were empowered by this process.

Why are shares so important to Fabindia employees? It is because Fabindia is not a public listed company. Given that the company posted a substantial net profit on standalone revenue in 2010-11, this translates into wealth creation at a sizeable level. An exponential increase in the value of shares last year has made it worth the employees' while to invest in the company.

When Employee Stock Options were offered in 2010, all except four eligible employees took up the offer. In less than 15 days, the employees earned a 75 percent dividend on their shares and 225 percent over the course of the year. This commitment to the creation of wealth for employees makes them feel invested in the success of the organisation, both literally and figuratively.

Cultivating an Entrepreneurial Work Culture

In Fabindia, each geographical region is handled in a decentralised fashion, with market regional heads working as entrepreneurs to generate sales and contribute to the revenue of the company. Each store is a business unit with its own profit and loss accountability. Since the company has a strong profit sharing philosophy, a bonus system rewards overachievement. For instance, a 110 percent achievement of sales, translates into a 110 percent incentive. However, there is a threshold for poor performance, where sales below 80 percent receive no incentive. There are two fundamental reasons for this - a responsible employee is obliged to contribute to the bottom line of the company and performance needs to be recognised and rewarded immediately.

Another aspect of the entrepreneurial culture is expressed through the COCs. Existing employees were offered the opportunity to become a part of these companies as senior management and Managing Directors. Even though this required relocation to second and third tier metros, several employees took on the responsibility because of the implied autonomy and to some extent, the weight of the designation. These employees are now working hard to generate business and create value for not only themselves but also the shareholders.

Creating the Drive for Excellence

As with most organisations, Fabindia faced difficulties in getting:

- Employees to attend training programmes
- To use what they learnt through training, on the shop floor

To overcome this challenge and generate enthusiasm and healthy competition within the organisation, the company identified four stores across the country, which performed brilliantly against a defined set of measures and named them Centres of Excellence (COEs). It was careful to pick those stores that had young and relatively new teams with high energy, who could be ambassadors of the best service. Fabindia publicised these stores in the system and gave them great visibility detailing aspects of metrics where they were scoring exceptionally high. The company also pumped the employees of these stores with classroom, on the job, technical and behavioural training programmes, knowledge and recognition. The COEs became drivers for service enhancement and focus on continuous improvement.



Other stores started questioning this attention, prioritisation and special treatment with an eye to attaining the status of a COE. They also understood that the attention was translating into higher sales, which leads to higher bonuses, which in circular logic made training and getting the best skills very attractive. **As a result, the demand for training has increased by leaps and bounds. Where earlier it was a *push*, it has now become a *pull* factor.**

This drive for excellence has tapped into the intrinsic motivation of employees making it completely self-driven and sustaining.

Growth from Within

Fabindia has an Internal Job Postings programme, which offers growth opportunities to all staff. The organisation helps employees prepare for the next role and is considerate of individual needs, especially in cases where relocations are required.

The HR system at Fabindia relies heavily on a framework of behavioural and technical competencies required to deliver each role. The company also helps specialise generalist skills by using functional and behavioural competencies for every position. Development needs are assessed biannually through multisource feedback. There is a strong alignment between the Learning and Development curriculum and competencies.

Fabindia ensures that the training budget is available even during recession. Training is seen as an opportunity for employees to put their best foot forward in terms of customer service and also as means to grow in their career and move into higher roles.

SHRM India's Conclusion

Historically and traditionally, Fabindia has hired generalists. It has supported the development of these employees, through mistakes, with training, learning and opportunity enabling them to perform well in their responsibilities and take decisions that affect the performance of the organisation. In addition, having 76 percent women in leadership positions, given that the average percentage of women leaders in the top 50 in the Great Place to Work® (GPTW) survey is just 20 percent, it is commendable. It has been able to achieve this by empowering women, making them feel safe, secure and offering them growth and leadership opportunities.

Roles determine the level in Fabindia. Therefore, if an employee moves up a level, the role changes, which in turn determines the specific learning and training that the company provides. Using a competency based HR system has allowed the organisation to focus on the specific requirements of each role and employee.

Fabindia lives its ideology; it is a part of its DNA. The perception of the brand and organisation is strengthened by the consistency with which the company conducts itself, amongst its employees, customers and the artisans. Its core culture has not seen a dilution even though the environment has changed. Despite rapid growth, every employee is made to feel connected and is able to recognise his or her role in the company's success story.



The Oberoi Group - Translating Dharma into Best Practices in HR

According to HVS India reports, India ranks 41st in world tourism arrivals and has the potential to be in the top 20. About five million tourists visit India, annually. This number is projected to increase to 18 Million by 2016. India's national market is also growing with 540 Million domestic travellers a year. As a result, the hotel business is going through major changes in the country, which with the entry of several international chains has led to a competitive landscape.

The Oberoi Group was established 75 years ago by the founding Chairman, M. S. Oberoi, on the core values of persistence, humility and a strong belief in people. The organisation now has 13,280 employees worldwide with a female to male ratio of 1:2.35, working across thirty hotels, five luxury cruisers and the Group's other business activities.

The key challenge in the hotel industry, which operates 24 hours a day, 365 days a year, is to engage a diverse group of employees through specific initiatives and participative efforts constantly and consistently. The Oberoi Group has based its people practices on its core values, which it refers to as its *Dharma*. This case study is a walk through the *Dharma*-based people practices and initiatives that the Oberoi Group uses to engage, nurture and retain its talent.

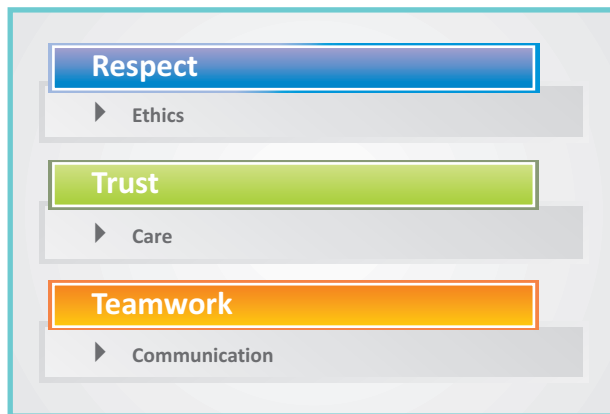


Fig 2.1: The Oberoi Group's Dharma

The company's Dharma - is the starting point for everything the organisation undertakes. The adoption and evolution of the Dharma was a participative process across all hotels in all locations. This exercise validated the core values endorsed by the founding Chairman, which include the conduct that applies to all aspects of the Group's business.

The Oberoi Group's Dharma comprises:

- Highest ethical standards in everything the organisation does
 - Teamwork
 - Customer first, company second and self, last
- Care for the customer
 - Two way communication
 - Respect for every employee
 - Safeguarding safety, security, health and the environment
 - Avoiding short-term quick fixes in favour of long-term healthy precedent

So, how does an employee know that he or she is doing the right thing? *By making every decision and basing every interaction on the company Dharma.*

The Oberoi Group's *Dharma* has been expressed in the form of specific conduct expected from every employee and the organisation has put in place robust mechanisms to enable and make it easy for employees to practice it.

Dharma in Action

"Conduct, which exemplifies care for the customer through anticipation of need, attention to detail, excellence, aesthetics and style and respect for privacy, along with warmth and concern".

The Oberoi Group does not view itself as being in the business of hotels but as being in the **business of memories**. Although guests check in and out with just their baggage, the aim of the company is to create memories that stay with them, bring them back and encourage them to recommend the chain to others.



The company empowers its people to believe – “I don't just work here. This is *my* hotel.” Employees are therefore happy to go the extra mile to help guests, as demonstrated by the following incident: *A lady arrived late and checked into the hotel with a terrible cold. She placed a waste paper basket next to her bed, took the tissue box from the bathroom and went to sleep. The next morning the housekeeping staff cleaned up the room and replaced the wastebasket by her bed, put another one under the study table, where it was meant to be, and added an extra box of tissues in the bathroom. Then in a special gesture the staff member placed three containers labelled honey, ginger and lemon with a note that explained her mother's remedy for magically curing colds.*

Stories such as these happen everyday. These are the memories that stay for a lifetime, are shared over and over again and are also the reason why people keep coming back.

The Power of 1500

Any employee in the hotel can offer anything at a cost value of INR 1500 without seeking prior approval, any number of times, to any number of guests – no questions asked. The objective is to create guest delight.

How does this translate to the bottom line?

The organisation has found that 85 to 100 percent guests, who have received the power of 1500, say that the service has exceeded their expectations. The real power of this initiative lies in the fact that by empowering employees to wow guests, guests end up spending more money at the hotel, they come back and they tell others. This has a direct impact on the bottom line.

“Conduct which eschews the short-term quick fix for the long-term establishment of a healthy precedent”.

The Oberoi Group takes pride in having the best service professionals in the industry. Throughout the year, the organisation stimulates and rewards exceptional performance that best exemplifies outstanding service. Some of these awards are:

Leading Quality Assurance Champ – Leading Quality Assurance (LQA) is an external auditing firm that audits hotels of The Oberoi Group on the standards laid down for guest service. Mystery guests conduct this audit and the hotel learns of it only once the subsequent report arrives. The LQA report mentions, with employee names, areas where excellent guest service was and was not provided. After the report reaches the hotel, “The LQA champs,” employees who have given exceptional service to the guest auditors are given certificates of appreciation. Their photographs with the auditor's comments are put up on the hotel notice board for all employees to see.

Appreciation Tree – Team members are encouraged to plant an appreciation leaf on the appreciation tree displayed in the team cafeteria. This is to promote peer recognition for a job well done, irrespective of department affiliations. It also encourages on the spot recognition and interdepartmental co-operation.

“Conduct which demonstrates a two-way communication, accepting constructive debate and dissent whilst acting fearlessly with conviction”.

Communication is viewed as critical across the Group. There is a move towards using technology with an equivalent emphasis on face-to-face communication. Senior management regularly visit different hotels to spend quality time with employees. Be it a brief address or lunch in the cafeteria, management makes an effort to be visible and accessible.

The ideas that have emanated from these interactions have directed several new initiatives within the organisation. For instance, the need expressed by employees to understand the business has been translated into regular updates from the senior management.

In addition, the organisation recently launched an electronic employee newsletter called **Communiqué** for internal communication and sharing of best practices across the company. The company also has an open door policy where employees have unfettered access to Hotel General Managers, Business Heads or members of senior management to address any issues or give feedback about the workplace.

“Conduct which demonstrates that people are our key asset, through respect for every employee, and leading from the front regarding performance achievements as well as individual development”.



The establishment of the Oberoi Centre for Learning and Development (OCLD) in 1966 has been a true milestone for the organisation. The Centre provides its students with technical training and the opportunity to be groomed as Managers in a two year programme. The average age of OCLD graduates, who join as Assistant Managers in the company, is between 25 to 30 years.

As validation of its success, eighty percent of the current General Managers of the chain and senior management are alumni of the OCLD.

In an effort to enhance management skills across all levels of the organisation, the company supports Management Development programmes in collaboration with premier business schools for senior and middle management, in-house Executive Development and Supervisory Development programmes for Junior Managers and Supervisors. The company has also recently extended its eLearning platform. In the context of an industry where it is difficult to find isolated hours for trainees to gather in a room, this technical platform frees individuals to learn at their own pace.

“Conduct which builds and maintains teamwork, with mutual trust as the basis of all working relationships”.

The Oberoi Group is committed to being a fun place to work. Since the service industry faces long working hours, giving people the opportunity to relax and rejoice is very important. The company celebrates many occasions and festivals in their business units and hotels.

In addition, the corporate office hosts two Wellness Weeks each year where employees get together for healthy cooking lessons, salsa dancing, exercise and meditation at work classes among other team activities.

As a demonstration of the trust the Group places in its employees and its view of staff as brand ambassadors, the company has instituted an 'Each one, bring one' referral programme, which allows employees to recommend like-minded candidates for opportunities within the Group.

“Conduct which at all times safeguards the safety, security, health and environment of our customers, employees and the assets of the Company”.

The Oberoi Group's vision clearly articulates its commitment to the environment and the community. As an organisation, it supports social needs and ensures employment from within the local community, uses natural products and recycles items, thus making proper use of diminishing natural resources. The Oberoi employees expressed a desire for greater involvement in Corporate Social Responsibility (CSR) activities, which the organisation has wholly endorsed and encouraged. Each of the Group's hotels participate in a variety of CSR efforts in their local communities, which include planting trees, building schools, volunteering at shelters and clothing and literacy drives. Furthermore, all Oberoi hotels have water harvesting, water recycling and energy efficient technology. The Group is also seriously contemplating wind and solar power as alternative energy sources.

The Oberoi Group is a member of the International Tourism Partnership that looks at everything from sustainable development to youth training, especially in developing countries. In keeping with this and its drive for CSR, the Group will soon pilot a programme for disenfranchised youth without access to education or finances in partnership with an NGO. In its Mumbai Hotels, these youths will be taken into operations for a period of six months, where they will shadow staff and learn life skills that will ultimately help them gain fruitful employment.

“Conduct which is of the highest ethical standards - intellectual, financial and moral and reflects the highest levels of courtesy and consideration for others”.

Safeguarding guest privacy and maintaining confidentiality in all company matters is of prime importance. The following incident is just one of many examples of employees conducting themselves with complete integrity and honesty:

While servicing a departure room, a housekeeping attendant found a diamond necklace and an envelope containing INR 50,000. She immediately submitted the guest belongings to the lost and found section and informed her Supervisor about the incident. The jewellery and money was later handed over to the guest, much to her delight. Such acts of ethical conduct are recognised and rewarded in the company as an act of Dharma.

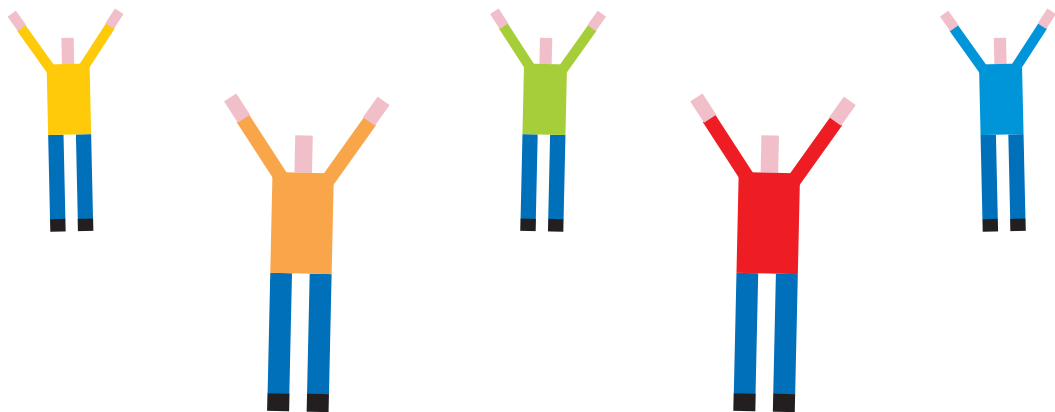
Given the 24x7 nature of the industry, the Group takes special care to provide a safe and rewarding environment for its female employees. Women working for the Oberoi Group are provided extra care in the form of a pickup and drop facility, furnished hotel accommodation in addition to equal opportunities for growth.



The company also has back of house areas where employees are offered excellent gymnasiums, recreation rooms, hobby classes, on-site medical facilities, periodic health camps, wellness cafeterias and an employee concierge facility for running employee errands while they are at work. During the summer holidays, camps are organised for the children of the employees. The company has also instituted The Oberoi Care Fund through which it offers financial support to employees affected during a crisis like the Mumbai terror attacks.

SHRM India's Conclusion

Rated 33rd out of 471 companies in the Great Place to Work[®] Survey 2010, the Oberoi Group was placed second in the hospitality industry. Being an Indian organisation with an international presence, it has leveraged the Indian concept of *Dharma* to bring to life its core values in a language that employees can easily imbibe and practice. Using a number of high value initiatives and a new age approach to its HR practices, the Group has succeeded in creating an engaged workforce that drives its bottom line. As competition increases, the key challenges will continue to be recruitment and retention of talent. While the Group makes a significant effort to retain key employees, it views talent that has left the organisation as ambassadors of the Group and proactively continues to nurture relationships with them. In the final analysis, it is important to note that despite being guided by values, the organisation is making every effort to align itself with the changing business environment and demographics and constantly measure its progress in this direction through innovative mechanisms.



Equitas Microfinance – Responsibly Changing Lives

The Microfinance sector is witnessing steady growth and expansion. This has led to increased diversity in terms of operating models, legal reforms, local contexts and regional imbalances. These existing realities call attention to issues related to transparency in business; acquiring, aligning, engaging and managing growth of employees with limited education, from lower socio economic backgrounds.

As a non-deposit taking, non-banking Microfinance Institution (MFI), Equitas is in the business of lending to borrowers who are otherwise unable to access finance from mainstream banking channels. Registered as a loan company with the Reserve Bank of India, it provides easy access to cost-effective credit in a transparent manner. In parallel, Equitas intends to achieve acceptable returns on investment so that it can attract capital and human resources to better serve its chosen target segments.

This case study highlights how Equitas has taken microfinance to the next level by being a “responsible” company and employer through several innovative business and HR practices that have changed the lives of both its customers and employees.

Mission and Strategy of Equitas

The Mission of Equitas addresses the inherent complexities of the business:

“(1) To improve quality of life (2) by increasing total household asset value (3) of those who are not effectively serviced by the formal financial sector (4) by providing transparent and trustworthy access (5) to financial and other relevant products and services (6) by deploying cutting edge technology (7) and forming partnerships and alliances.”

To achieve this mission, Equitas created a “Responsible Microfinance” model, which would address the issues and challenges faced by this sector while being mindful of creating a workforce of “Trustworthy Employees.”

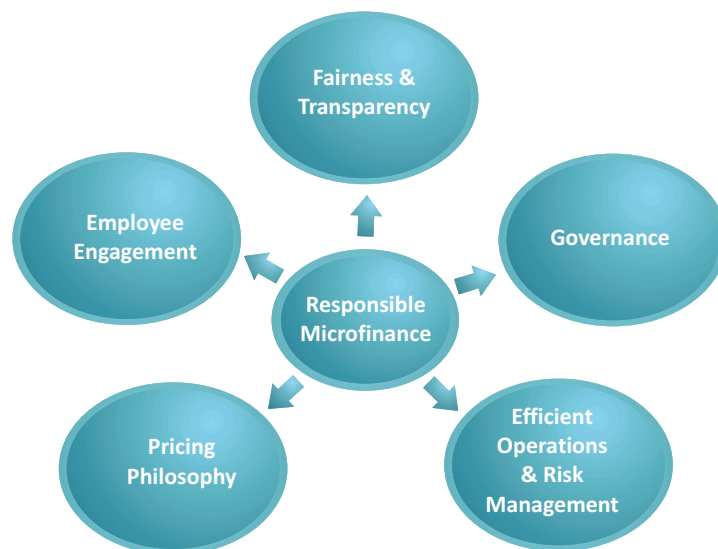


Fig 3.1: Responsible Microfinance – The Equitas Model

Equitas is an unlisted, privately owned company. However, the Managing Director took a conscious decision from the very beginning to follow every regulation applicable to public listed companies. Hence, one third of the Board comprises independent directors and the company has a strong **governance** process in place. To ensure fairness in compensation, Equitas has created voluntary cap on Return on Equity and Executive pay benchmarked against government banks, with a min-max staff pay ratio capped at 1:40. There is complete transparency on the part of the MD, who shares the details of his compensation package with the employees of Equitas.



Equitas has enhanced its **operations efficiency** by leveraging technology and outsourcing to partners and alliances where required. A centralised back office with state of art scanning systems and report generation mechanisms give field staff the bandwidth to focus only on client facing activities. Some of its simple innovations like having pre-printed repayment stickers have even been patented. These stickers have proved to be a huge time saver when it comes to writing out receipts for a customer base as large as 15 Lakhs people.

The company has also put in place a **robust risk management system** which has different mechanisms to check the quality of service provided to its customer base. These mechanisms range from verification by sales officers to third party audit checks as also calls to customers to check if they faced any problems during the entire loan transaction process. Equitas has a Management Committee, comprising of different function heads, who meet every week to review performance, brainstorm, and discuss key indicators of the financial scenario that would enable them to be better prepared to handle market fluctuations. In addition, Equitas uses a simple mechanism to ensure repayment of loans. Groups of customers share joint liability with each other, guaranteeing the loan repayment of other members of the group.

Equitas has designed its pricing policy based on the **philosophy of fairness**. Rather than charging customers an interest rate which is lower than what is being offered in the market, they focus on charging what is right. At the time of its launch in 2007, Equitas had an operational cost of 21 percent, which included the cost of expansion. Instead of charging this to the consumers as other organisations would have, they charged 7.5 percent based on the estimation of the operation cost of servicing the loan over the long term in a steady market. The cost of expansion was borne by investors, which helped the company give loans at the **lowest interest rate among other MFIs in India**.

Most customers in the MFI sector are not educated and find it difficult to understand the different aspects of banking. Equitas' approach is to ensure **transparency** by printing every transaction in the customer's passbook. This includes the interest rate, reducing balance, internal rate of return, and administrative charges which most MFIs do not disclose to consumers.

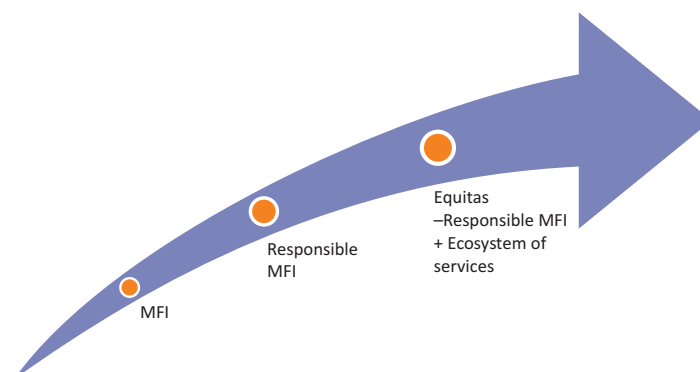


Fig 3.2: Taking Responsible Microfinance to the Next Level

Improving the quality of life of its customers is at the heart of Equitas' mission. Hence, they have extended their services beyond just providing loans. Most of the company's customers are into small businesses that require them to go to work daily. Missing work for even one day could mean the members and their family go hungry. To enable its customers to meet the basic need of food, Equitas started 19 food stores where members can take interest-free food credit for a period of one month. The company also started a skill development programme at INR 100 per week, where the members can learn additional skills to enhance their ability to earn more and thereby, improve the quality of their life. 2.36 Lakh members have benefitted through these programmes. Equitas has set up 4 schools and 50 tuition centres, to encourage members to pursue their education while working. Health care facilities, which have already benefitted over a quarter million families (6.62 Lakhs), have also been set-up by the company.



HR Strategy and Employee Engagement Practices

Given the mission of the organisation and its focus on consumers, the company also has a separate mission for the HR team that would enable it to serve its internal consumers – the employees better. The Human Resource mission is, **“To Acquire, Align, Assess and Retain Trustworthy employees.”**

Acquiring the right resource: The Company follows an elaborate recruitment process, which includes behavioural assessment of candidates. ***Sixty percent of the staff is recruited through employee referral.*** Only employees who have completed one month of employment are eligible to refer, as it is important for new employees to understand the work culture in order to provide quality references. There is a second level line manager screening and a HR round to clear possible employees. Candidates are then sent on field visits to understand and experience their role and the work of the organisation. Frequently, candidates do not join after the field visits. This helps the organisation filter out those who would not fit into the culture even before they enter the system.

Another mechanism to assess fitment is **“Know your candidate's family well,”** where the supervisor visits the selected candidate's residence to understand the cultural aspects of and bond with the family. This also serves as a background check. Given that employees deal with a customers' money, this assessment is very important. Equitas also ensures that all candidates hired are posted close to their residence to ensure a balanced work life and also enable closer supervision.

Alignment of the workforce to create **“unity and uniformity”** in employees' understanding of the organisation's objectives is critical, as most employees come from diverse backgrounds and work in different regions. This is accomplished through **a vernacular two weeks induction programme for all field staff at the Regional Training Centres.** After this training, staff can only go into the field once they have cleared the company's certification programme. When a new region is being set-up, the team leading the effort undergoes a two-week intensive and additional training on recruitment, infrastructure creation and statutory compliance.

Assess: Performance Management at Equitas follows a **“Win-Win Agreement,”** where goals are measurable and agreed to through due process. Employees are accountable for their goals and the company for rewarding performers. Process guidelines and cultural guidelines are put in place. The role of the employee is clearly defined and communicated. Performance reviews are undertaken twice a year. Area-wise and role-wise normalisation prevents favouritism. For example, in most regions the sales roles are income generating and viewed as more critical than support roles. In the process of normalisation across a region, the general practice is to place the sales roles at the higher end of the curve and the support roles at the lower end. By normalising sales and support roles separately, this bias is minimised. ***The company uses a transparent method of computing performance and promotion increments.***

Retain: The guiding principle of Equitas is to **“Treat your employees the way you want them to treat your best customers.”** Just as the focus of Equitas is to improve the quality of life of its customers, it also strives to improve the **“quality of life”** of its employees by addressing the four key aspects of the person:

- Physical - by enabling employees a certain minimum standard of living through provision of various health and insurance benefits. ***One of the best practices is a “Snack Allowance.” Since most field staff begin the day early, they miss breakfast and only get time to have lunch late in the afternoon. Equitas introduced a snack allowance of ₹ 30, apart from other allowances, with which field staff could buy some biscuits and water. Given the tendency of most people to save up on that money, Equitas also arranged for surprise audits of its field staff to ensure they are making use of this allowance.***
- Mental - by providing opportunities to learn and grow in the form of almost 100 percent educational allowances for higher education, depending on the performance of the employee in the course of their work. ***Even in times of crisis, Equitas had a no retrenchment policy, which was communicated openly to all employees. Two additional lines of business in the form of vehicle and home loans were started to improve the situation without affecting the livelihood of the employees.***
- Emotional - by making them feel cared for through provision of employee stock options for every employee; a branch award scheme where the entire winning team goes for an outing with their families (in case of an annual award winner, the entire Branch team goes abroad with his or her family); communication channels such as, ***A Monthly Hotline with the National Business Head, which is an E-mail facility where employees can send their concerns and issues at work to the National Business Head, who is committed to resolving them within***



48 hours. If the resolution is likely to take longer, the employee is kept informed. It is mandatory for all employees to respond to an E-mail from the National Business Head even if they do not have any concerns to raise. This provides a channel to communicate any issues or concerns and have them addressed.

- Spiritual - by emphasising on the quality of work through its alignment with the mission statement; a career enhancement policy where employees can move to different roles through internal job postings and open house sessions where they provide suggestions for people practices.

Achievements and What's Next

Equitas tracks the progress it has made with respect to its mission by measuring the improvement of the total household assets of its customers. Since it has a no-credit policy for consumer durables, this mechanism helps in making a rudimentary estimation of any improvement in the quality of life of its customers. Equitas needs to improve its measures and metrics in this respect. The significantly low attrition rate, as compared to its competitors, indicates Equitas is the employer of choice for its employees.

Industry recognition awarded to Equitas includes:

- CRISIL rating of **three** for corporate governance on a scale of one to eight, with one being the highest
- “Unitus Accelerator” Award (2008) - for providing more than 80,000 clients with life changing Microfinance services in less than eight months
- Winner of the TiE-Canaan Entrepreneurial Challenge (2008) - a national level business plan competition for Early Stage Entrepreneurs in India
- Optical Mark Reader (OMR) Implementation at Equitas as the “2009 Best Implementation of the year” – PC-Quest,” an IT magazine

SHRM India's Conclusion

Equitas' focus on being “trustworthy,” “fair” and “transparent” in all its dealings has been a key differentiator for the company in the Microfinance industry. Incidents of employees taking bribes from customers to process loans have led to stringent risk management practices in the organisation. Despite its policy of “treating employees the way they would have them treat their best customers,” the environment that most of its employees come from makes it difficult to practice. Although practices like having the employees stay within a radius of 15 kms from the office helps work-life balance, it also enables monitoring of the employees whereabouts. Hence, Equitas' risk management practices have led to its employees feeling watched which could impact engagement. However, this is more than offset by the faith of the investors that their investment with the company is safe.

Taking Microfinance to the next level by focusing on providing an ecosystem of services to the customers is not just a sustainability initiative but also helps the organisation achieve its mission. Equitas' HR practices along similar lines can be viewed as catering to the employees as per Abraham Maslow's hierarchy of needs. It begins with small aspects like the snack allowance that pays attention to their physiological needs; the openly communicated “no retrenchment policy” even in times of financial crisis addresses their safety needs. Various communication mechanisms and engagement practices satisfy social needs and educational assistance and alignment of the work to the mission statement enables them to fulfil their esteem needs.



Forbes Marshall – All in the Family

Established in 1925 by J. N. Marshall as a trading company, Forbes Marshall has over the years moved into building steam engineering and control instrumentation solutions for the process industry. Today, it collaborates with world technology leaders in its manufacturing operations and has a turnover of ₹ 750 Crores. The organisation employs over 1000 engineers and 2000 direct and indirect associates, which includes a multigenerational workforce of baby boomers, Gen X and Gen Y.

Ranked 11 in the Great Places to Work 2011 survey, Forbes Marshall is one of seven unionized organisations that feature in the top 50. Their Union involvement and engagement in talent development practices is unique in the manufacturing industry. In the same survey, it ranked second in the manufacturing and production industry, and in employee participation in corporate social responsibility activities. Forbes takes pride in its family spirit, culture and employee trust, which it strongly believes has been the bedrock in making it an employer of choice in the talent market.

A study of family-owned businesses by Boston Globe (2003) revealed that just 40 percent survive to the second generation, 12 percent to the third, and only four percent to the fourth. Forbes is one of the four percent family-owned organisations in the fourth generation. This case study examines the distinctive people practices that place Forbes in a league of its own:

- A strong family spirit
- A values-driven culture at the base of their management processes
- Early adoption of sustainability initiatives
- Introduction of progressive people practices before they became 'best' practices, namely flexi-timing (especially in a manufacturing context), a retirees programme, affirmative steps for the inclusion of women in the workforce
- Taking clear and actionable measures for making people accountable to each other, including HR

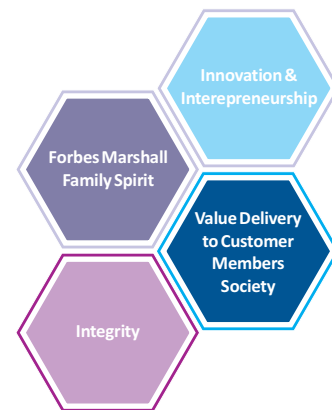


Fig 4.1: Forbes Marshall Values

People Practices with a Difference

So, what makes Forbes Marshall a desirable employer?

Forbes Marshall HR initiatives are threaded together on its HR philosophy, which enshrines the beliefs:

- Any organisation is only as good as its people
- Engagement comes when people are involved in what they do
- A world-class organisation needs people with world-class thoughts
- An individual's dignity is as important as that of the organisation

Two of the strongest pillars of their value system that help drive the above philosophy are:

1. The **Forbes Marshall family spirit**, which serves as the core of their culture. Some practices that breathe life into this 'spirit' are - supporting the education of employees' children, taking efforts to reunite divorced families, and a strong alumni network connect enticing many an ex-employee to rejoin. In an era where organisations make a strong distinction between work-life, personal-professional, this focus of integrating the two is a clear differentiator for the organisation.
2. The **high accountability of both line managers and the HR team**. HR in Forbes has consciously chosen not to be in a 'commanding' position, in favour of being a facilitator in all people-related decisions like where to hire, who to hire and what to deliver. The senior leadership and Line managers are expected to be equally responsible for taking ownership of all HR-related decisions and be involved in creating the people strategies. HR, on the other hand, is accountable for not only measuring employees, but also for the value they add to the business. This helps set the right expectations with the business and minimise deviations from expectations. In fact, HR issues are tracked via an Actions-Timelines-Status tracker. The tracker is sent to the Management team every quarter to update them on the issues resolved, and identify unresolved issues that require attention.



Three Pillars of Employee Engagement

The Forbes Marshall winning formula for Employee Engagement rests on initiatives taken along three pillars:

- Employee Development
- Communication
- Corporate Social Responsibility initiatives

While some of these practices might be common to most organisations of today, what sets Forbes apart is their forward thinking in early adoption and the values-driven consistent approach in driving and implementing them.

Employee Development

a. Competency Mapping

Forbes Marshall adopted a competency-based perspective to employee development. The first step in this process, undertaken by the HR team, was defining the competencies for the organisation. Based on the conviction that internal HR not only knows the organisation and its needs better than anyone else but also has the capability and competency to build a competency model, **the Forbes HR team created their competency model in-house**. A certification from TUV, a global certification body, validates that the competency model created by them does encapsulate the competencies of the organisation.

Managing Change with Unionised employees

Rolling out the Competency Mapping exercise was far from easy. It was carried out at all levels, including the shop floor employees. HR spoke to the unionised members to get their views on the model, and the only response they received was that it would not work for them. Nevertheless, HR did not let up. It repeated the process interventions with the added communication that the intention was more to help employees grow than to benefit the organisation. After having sown the seed of 'need' for such an intervention, there were examples of people who underwent the competency mapping process and training needs identification and experienced enhanced responsibilities and career growth. These visible examples helped in 'selling' the case for the intervention. Employees' perception of Competency Mapping underwent a change and the initiative gained the trust of employees. The journey was painful, long, approximately five years, and received many brickbats. A slow and steady approach, however, ensured the successful adoption of the competency assessment system.

God lies in the details

By the time the second or the third competency evaluation was completed, HR realised that people had not picked up the skills for evaluation. The reasons could be inadequate training, unclear training objectives or even unsatisfactory handling of the subject by the trainer. To help the Managers get clarity on the competency evaluation, competency 'qualifiers' were put together. The qualifiers were statements of behavioural descriptors that would help make a clear assessment if the person was displaying the behavioural standards for the relevant competencies.

The Competency Based Assessment was applied to the Recruiting function too, where it brought business and HR on the same page, and helped standardise the competency-based entry-barrier for all potential recruits. Prior to this, Forbes managers and HR would frequently clash on recruitment decisions.

Forbes Marshall Vision

- To be a developed company in a developing country, pursuing market leadership in our chosen fields of Steam Engineering, Process Control and Utilities Management
- Dedicated to growth and an increasing international presence, committed to being a role model organisation for our customers, suppliers, society and members



b. Performance Management System

Vision and Value Analysis: In addition to the Technical and Behavioural competencies, which are common to any competency model, a third core competency, the 'Vision & Values,' was added. The performance appraisal has a specific section to track how each member of the company is living the values. Responses are analysed at the organisation and departmental levels.

Helping and Hindering Analysis: Two questions are asked of every employee on naming helping and hindering factors in their performance. Through an analysis of the responses received organisation-wide, the helping factors are tallied with the scores on the engagement surveys to assess whether there are any deviations. Hindering factors are broken down into three categories, depending on whether they fall under the direct control of:

- Manager and Individual
- HR
- Senior Leadership

The actions under respective heads are taken up by HR, and are followed up for closure with the leadership. In addition to the usual Performance Appraisal and the Personal Development Plan (PDP) discussion, everybody has to rate their Annual Review process, and their experience of the PDP discussion. Based on the average review feedback from all team members for the appraising manager, a rating on a scale of Red-Amber-Green is given; followed by a personal discussion with HR for all those managers rated Red and Amber. This tallies back with Red-Amber-Green ratings of the Vision and Values Analysis. HR takes up areas falling in Red with the manager in order to decide the course corrections and follow-up actions. There are times when HR has to take tough decisions like moving out a people manager. As much as HR is responsible to make employees accountable for their actions, it is only fair the same is expected of the function as well. HR needs to get at least 70-80 percent 'Green' ratings by employees in the Annual Review process. This is an input on the HR score in the Balanced Scorecard and adds to the People Perspective score for every manager.

c. Learning & Development Initiatives

Like most other organisations, L&D inputs are based on competency mapping and the Annual Review process. Awareness of competencies and understanding the benefits of competency development made it a meaningful exercise for employees and accelerated their learning. **Realising that there were not many takers for the traditional classroom mode of learning - and at the time 70 percent of the programmes were classroom-based – HR reversed the trend and currently offers just 30 to 35 percent of learning via classrooms. The rest is provided on-the-job or in places where people learn outside the organisation.** This helps make learning more interesting, and is a key factor in making Forbes Marshall a learning ground for entry- to senior-level employees. The entire core HR team, including L&D, underwent an Instructional Design certification course, to develop the capability for in-house program development, which also included behavioural training.

Vendor management is crucial to ensure the quality of training. Every faculty, internal or external, is evaluated on the delivery of the training, and a score of less than 80 percent more than twice in a row leads to the faculty being dropped off the list. The same standards apply to training agencies that serve Forbes Marshall, and this is part of the service level agreements with the agencies. On the other hand, if a faculty secures a feedback score of more than 80 percent for one full year of the programme, then 10 percent of the contract value of the programme is given as an incentive. Internal trainers are also suitably recognised and incentivised for their efforts: they receive a 'Thank You' letter from the senior leadership and the L&D function, as well as a gift voucher for a substantial amount as a reward. This contributes to fostering a strong spirit of learning and knowledge sharing in the organisation.

Role transition programme: All employees who have been promoted, transferred or rotated on the job must go through a three-month transition programme, to assist them in smoothly moving into their new role and responsibilities.



Communication

An engagement survey report of the organisation revealed a lack of internal communication. Hence, channels of communication for the demographically diverse employee base were built up. At first, internet and computer access was offered to all shop floor employees. **Vernacular versions, mostly in Marathi were provided - for the benefit of shop floor workers - articles on the intranet, and also the Annual Review process and the Vision & Values Analysis were also translated into local languages.** As a direct consequence, employee understanding of the feedback increased.

True to its spirit of maintaining accountability and transparency in all its actions, Forbes has established multiple channels of feedback, including employee engagement surveys, employee satisfaction surveys, customer satisfaction surveys covering HR aspects as well, 360° Feedback, the Vision & Values analysis, the Helping & Hindering factors analysis, HR Associate survey and the Great Place to Work® feedback.

Corporate Social Responsibility Initiatives

Forbes was one of the first few organisations to set up a CSR cell in 1979 and offer 'flexible timings' for employees when the term was hardly known. These two initiatives set them apart in the manufacturing sector, very early on.

The organisation has its own CSR cell - Forbes Foundation, a public-private partnership with various communities, local government bodies and NGOs for its activities. A planned approach is taken for zeroing in on issues on which it can have a significant impact by doing a thorough Needs Analysis, as opposed to taking an intuitive call. For instance, a study indicated that children were in need of sex education - many state governments, including Maharashtra, do not allow sex education; Forbes worked with schools to provide them information on HIV, responsible behaviour and gender sensitisation - to cater to this need.

Pre- and post-studies are conducted to assess the impact of the initiatives. Forbes underwent an audit by SAN England in 2009, to measure and account for the impact created by its CSR cell.

While Forbes Foundation has many channels that impact various sections of the society, women and children are the key beneficiaries of their support activities.

- Support to Women's Self Help Groups over the past twelve years has empowered them to take up issues with municipal corporations and local government bodies on the community's behalf.
- All children, who approach the Foundation, have to necessarily go through formal education, and Forbes supports this by way of providing textbooks, funding libraries, offering local community leaders' homes as 'study centres' to children who do not have a study environment at home.

Inspired by Dr. Reddy's LABS (Livelihood Advanced Business School), Forbes has a LABS of its own which is centred around creating livelihood for youth by providing them with vocational skills training; 90 percent of the youth that come to this programme have been able to secure a job.

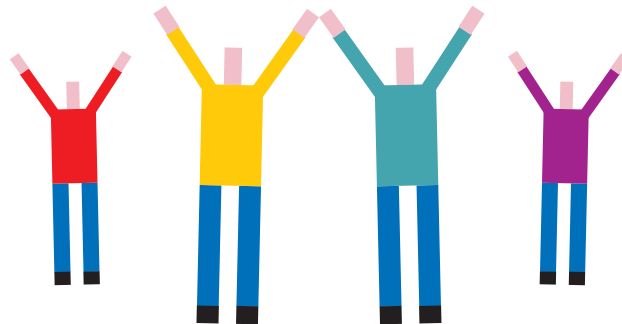
A few of the other notable HR practices at Forbes Marshall includes:

- Retirees programme - a successful initiative for the past 17 years, all retiring employees are invited with their spouses to a one-day programme. After an address by the Chairman, sessions are taken by a nutritionist, a dietician, a financial advisor, a yoga expert, and other health and wellness experts and NGO organisations to help employees transition into life after retirement.
- Annual day celebrations - besides celebrating birthdays, marriages, newborns, the Annual day celebration is the largest platform where employees, including alumni, and their families are invited. Long service awards are given to employees with tenures of 21, 35, 30, 35 years. Every year about 50 people are recognised across these categories.
- Gender inclusion - Forbes has consistently maintained a 20 percent ratio of female employees for the past 20 years. [The female worker representation in the organised sector employees is 19 percent (2006 figures) and 16 percent in the organized manufacturing sector].
- Alumni connect - the alumni network is included in the mailing list for internal newsletters. They are also invited with their families to the Annual Day celebrations.



SHRM India's Conclusion

Forbes Marshall describes the role of HR as “facilitators.” However, facilitation, in their context and based on the practices and the role of HR in this case study, would need to be redefined to include boundaryless ownership, continuous learning and maintenance of high quality standards. Starting with defining their own competency model that required a thorough understanding of their business to being the first point of contact for an employee when in a crisis, we find the HR team taking ownership of not just employee development from a business perspective but also as an extended family in the true sense of the term. The fact that they worked towards influencing the unionised workforce through 'show' and 'tell' on adopting the competency framework exemplifies consistency in the pursuit of the HR philosophy. The practice of having the competency model validated by TUV and also having their CSR process audited reflects the focus on ensuring quality in their initiatives. Their emphasis on continuous improvement becomes evident in the changes made to their learning framework, which focuses more on learning on the job. The 'soft' people-friendly values are balanced and enhanced by a strong focus on accountability - of line managers, employees, and especially the HR function itself. The importance given to HR accountability and practices like constant vendor evaluation, training the HR team on instructional design and incentivising training effectiveness has helped promote a learning culture in the organisation.



¹Employment Review 2004-2006: <http://nipccd.nic.in/reports/ehndbk10.pdf>

²http://www.paycheck.in/root_files/An-Overview-of-Womens-Work-and-Employment-in-India.pdf



TALENT DEVELOPMENT

ENGAGEMENT AND RETENTION



Marriott Hotels - Making Engagement Work

In the words of J. Willard Marriott, “When you take good care of your people, they will take good care of the customers, the customers will come back and the business will take care of itself.” This is **the core value** of Marriott Hotels.

This case study showcases Marriott's employee, or as it calls them 'Associates,' engagement practices. Built strongly on its core value, Marriott takes 'Associate Engagement' to a level rarely achieved by competitors in the industry. The engagement drivers emphasised by the organisation include leadership excellence, personal growth, and quality of life at work, teamwork and total rewards.

While Marriott uses several ways to optimise each of these drivers, this case study will highlight a few unique and exemplary best practices, which could serve as a gold standard for the hotel industry.

Business Context

The Marriott portfolio encompasses over 3,600 managed and franchised properties across 20 brands in 71 countries and territories spanning six continents. This includes more than 40 hotels in India. At the end of 2010, Marriott had approximately 129,000 Associates and reported sales of nearly \$12 Billion.

Marriott is a hotel management company. It does not own hotels but takes the responsibility for running them through long-term contracts with owners of the respective properties. Marriott Associates are the key to consistent excellence in the delivery of service across the chain. Hence, Marriott views its employees as the single most important factor for success. It invests seriously on training, developing and mentoring its employees for future growth in the organisation. Employee engagement leading to long-term employment with Marriott is a critical focus area that can have a significant impact on business outcomes.

Challenges Faced by the Industry

One of the most common challenges faced by the hospitality industry is employee retention. Often, the perceived glamour of the profession attracts people and compensates for the long work hours and low pay in this industry. Marriott was quick to realise that this was not a sustainable proposition and sought to address these concerns through the way it operates, manages and engages its Associates.

Across all its properties, the “Marriott Culture” is driven through serving the Associates, the customer and the community. The organisation believes that the key element in managing Associates lies in defining simple values, which can be executed in their day-to-day work. People first — the Core Value of Marriott's corporate culture is responsible for its success of over 80 years because it recognises that Associates are not only important to the business but they also give it an edge in a very competitive environment. The organisation-wide initiatives focus on ensuring that the values translate into practices that can be followed and Associates across the globe live the defined values.

Marriott's Associate Engagement Framework

Marriott uses the Hewitt Associates' definition of engagement: 'Engagement is the state of emotional and intellectual commitment to an organisation or group producing behaviour that will help fulfil an organisation's promises to customers - and, in so doing, improve business results'.

These observable behaviours can be organised into three categories:

- Stay – when employees have an intense desire to be a part of and stay with the organisation
- Say – when employees advocate the organisation by referring potential employees and customers, are positive with co-workers and are constructive in their criticism; and
- Strive – when employees exert extra effort and engage in behaviours that contribute to business success

To achieve this state of commitment amongst Associates, Marriott has identified five drivers that influence employee engagement. These are Leadership Excellence, Personal Growth, and Quality of Life at Work, Teamwork and Total Rewards. Marriott's engagement framework seamlessly connects its engagement drivers and the organisation's financial performance through Associate engagement and loyalty that translates into guest satisfaction.



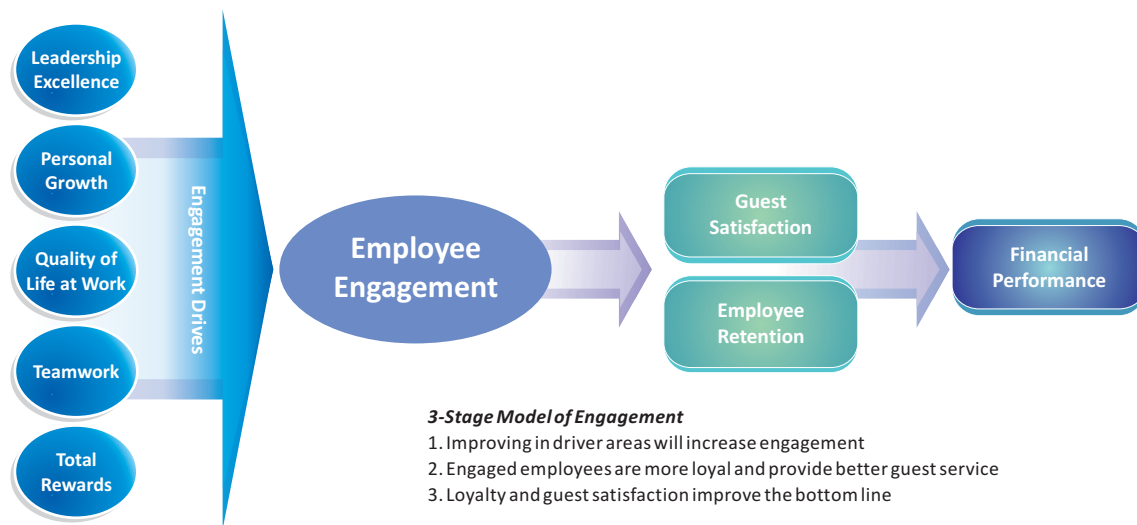


Fig 5.1: Marriott's Associate Engagement Framework

Leadership Excellence

At Marriott, Leadership Excellence is about living the core value stated by the Founder J. W. Marriott - "taking care of your people." Leaders at Marriott continuously demonstrate and communicate the value to every Associate through guiding principles like, an open door policy where any Associate can reach out to senior management with their ideas and suggestions. Although this sounds simple, care is taken to ensure that the policy is executed by putting in place special channels of communication where Associates can actually contact and communicate with senior managers. This policy extends beyond just hearing what the Associates have to say. Leaders take responsibility to respond to the Associates. This communication is also tracked and monitored to ensure that Associates are informed about the course of action. In an industry where hierarchy is strong, this practice enables associates to feel valued and important. The practice of addressing General Managers of properties by their first name also adds to this value.

Leaders constantly coach and mentor Associates at the next level and potential candidates for leadership positions with a focus on 'growing our own people.' This is another value, which is applied across all properties. **The rapid growth of Marriott has led to a pressing requirement for a pipeline of leaders who understand the culture and values of the organisation. It is a critical need for Marriott to maintain consistent quality of service across various properties. Marriott firmly believes that employees who have grown through the organisation will be able to live the values, effectively sustain growth and add to the organisation's bottom line.**

Personal Growth

Training programmes for every employee are given a high priority in Marriott. As a policy, every hotel in the Marriott chain contributes \$750 per manager, per year, into a fund, which is controlled by the corporate office. This is mandatory. **Thirty four hundred hotels with approximately 100 managers in each hotel contributing \$750 per manager, per year, translate into a phenomenal budget available exclusively for training purposes.** Major training programmes are centrally created and rolled out across the globe. It is ensured that every Associate at Marriott from the General Manager downwards gets a minimum of two full weeks of training every year. The core value of "Growing your Own" is lived through this practice. Considering that the industry benchmark for training of two full weeks every year happens only for around 20-25 percent of employees, this practice is a strong differentiator in Marriott.

The organisation also deutes teams of employees from one hotel property to another for cross exposure. The aim is to encourage sharing of expertise and learning from within the organisation. The deputation ranges from one to ten weeks.

When Marriott came into India, it realised that Associates in India look for growth not only in India but also globally. Marriott also realised that competitors could not deliver on this need, either because they did not have a presence



around the world or because they simply restricted their focus to growth within the country. At Marriott, an Associate may move from India to Indonesia, China or anywhere else after a certain time of being in the organisation. This has had a strong and positive effect on talent attraction for the organisation.

Quality of Life at Work

When Marriott entered India 12 years ago, the biggest challenge was to provide Associates work life balance in a profession and industry where to achieve results one has to work 24x7. Marriott was the first in the industry to mandate a five and a half day workweek in India. This means every other week, Associates are able to take two days off. When Marriott entered Hong Kong and introduced the practice of a five-day workweek in a country where the hotel industry traditionally worked for six days a week, the Hotel Association did not approve. However, Marriott stood its ground as it had done in most countries, including India. Now, most hotels in Hong Kong have a five-day workweek.

This value of providing its employees with an environment where they are able to experience work life balance influenced other hotels to follow suit thereby creating a larger impact on the industry.

Employee Empowerment

What works for Marriott is the autonomy given to every Associate to make a decision that affects a customer directly. Even a front desk, line level Associate has the authority and power to give a free room to a customer who has experienced major service issues in their interaction with the Marriott group of hotels. This autonomy to make important decisions leads to immediate action where the customer is attended to at the earliest. Although employees may make mistakes while taking a decision, they are empowered with the responsibility to think through the situation consciously and judiciously. This empowerment enables and encourages employee engagement.

Teamwork

Marriott defines success of the organisation by how well it is viewed in the community. It promotes teamwork by encouraging Associates to engage with the community as core teams. The spirit to serve the community is demonstrated everyday by associates and the organisation by supporting local, national and global initiatives, through its CSR programmes. For instance, the Marriott Chennai property is associated with a home for around 180 children, whose parents have been affected by leprosy. The mission is to educate the children and train them for possible employment with the properties after their school programme. All Hotels also contribute monetarily to these programmes. The best practice is the belief that CSR engagement as teams, enables Associates to bond with each other as “community citizens” while working towards a larger goal, which in turn builds engagement and teamwork. This unique practice is in addition to other popularly used interventions for team building.

Total Rewards

The rewards programme at Marriott is structured towards rewarding holistic performance and not just the achievement of financial targets. This includes guest and Associate satisfaction. The assessment of a manager's guest satisfaction scores and Associate satisfaction scores carry equal weightage.

Marriott conducts an annual online **Associate Opinion Survey** across its properties worldwide. The objective of this survey is to get Associate feedback on the various dimensions that predict Associate Engagement and thereby improve unit performance. Marriott, along with Hewitt Associates, has designed a new survey to ensure a high level of consistency, respondent confidentiality, and data security. The survey measures Associate opinion on the five engagement drivers of Leadership Excellence, Personal Growth, and Quality of Life at Work, Teamwork, and Total Rewards. The Associate Opinion Scores (AOS) feed into reward practices and future development plans at a unit or property. Low Associate satisfaction scores for a manager affect the bonus of the managers and executive members who run the business concerned.

Marriott leverages the reward programmes as a way to ensure that Associates achieve the business standards and still feel rewarded. It begins with simple things like ensuring that housekeeping Associates who clean rooms or serve food are able to guarantee that they meet certain minimum standards of cleanliness or food quality. As part of its reward programme, Marriott has put in place a practice that provides an opportunity for every Marriott Associate to stay with their family at one of its properties on their birthday or anniversary. ***The idea is when Associates actually stay at the hotel with their family they are more critical of what is missing from a service or cleanliness point of view. These inputs and suggestions are shared with fellow Associates and lead to an improvement on current standards and service provided at the hotel.***

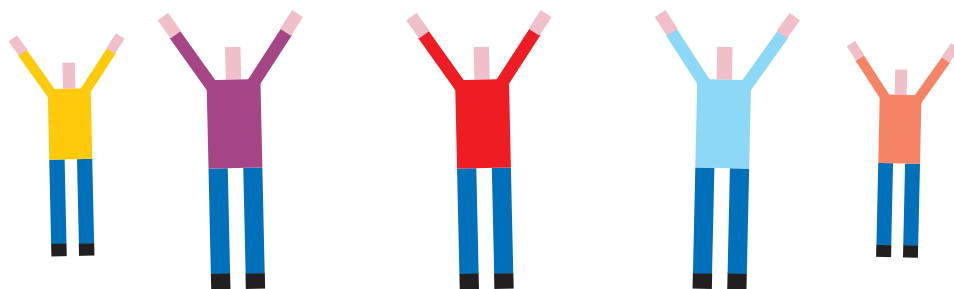


Action Planning: The AOS scores are leveraged at Marriott to continuously improve its engagement practices in a measurable manner. Every year, after the AOS scores, Rap sessions are conducted at every unit to discuss the scores based on which “Action Plans” are created and documented, appropriate action is taken and periodically tracked. If a property has very low AOS scores, a review or Rap session is conducted within six months rather than on an annual basis for closer monitoring. Progress on the action plans and employee satisfaction is monitored on an annual basis through improvement on the AOS scores. If this fails, an investigation is conducted and appropriate action is taken on the management at the property.

SHRM India's Conclusion

The core value of Marriott to take care of its Associates, who will take care of their customers and thereby impact the business is a concept similar to “Employee First, Customer Second” propounded by Vineet Nayar, CEO of HCL, in 2010. What makes this different is Marriott has put this in practice from 1927 when J. W. Marriott and his wife started the Marriott hotels from the humble beginnings of a root beer stand. The success of the Marriott approach is demonstrated by the employee tenure in the organisation, which ranges between a minimum of 20 years to a maximum of 51 years. At a time when organisations are struggling to retain their top talent, especially in an industry known for its high attrition rate, this is quite an achievement.

The values though stated in a simple manner are tough to execute. However, leadership excellence and the culture of the organisation are demonstrated in the belief in the values and perseverance towards delivering them. This quality is expressed strongly across all the engagement drivers starting with providing select channels of communication between the Associates and senior managers; shortening the workweek despite resistance from the industry; commitment to providing training opportunities for Associates, starting with making the required budget available every year; and measuring and managing engagement through the Associate Opinion Survey. Marriott establishes that how they conduct the business is as important as the business itself. This is not only captured in their core value statement and intent but also put into practice as demonstrated by their commitment to Associate Engagement.



ERNST & YOUNG – Helping People Achieve their Potential

In a scenario where organisations are trying to attract and retain employees using competitively high salaries, innovative policies, best-in-class infrastructure, job security, strong branding and clientele, Ernst & Young makes a different pitch by focusing on providing unique career experiences and holistic development to its employees through its programme, Ernst & Young & You (EYU). The three pillars of the firm's talent development framework are Learning, Experiences and Coaching. Together they provide employees the knowledge, skills and abilities they need to be able to take ownership of their careers. The aim is to have a unique development plan that helps shape the career of each individual based on their potential, experiences and aspirations in the context of the business needs of the organisation.

This case study delineates the EYU programme and its elements from an implementation perspective.

Business Context

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Maintaining their reputation as a leading worldwide professional services organisation requires having, **“The Right People with the Right Skills in the Right Place at the Right Time serving the Right Clients.”** The emphasis, therefore, is on ongoing, rapid development of talent along multiple competencies.

This requires a combination of several methods and programmes that can be appropriately tailored and customised to address every individual's unique development needs, which in turn are mapped to the business requirements. Diverse operational locations necessitate that Ernst & Young's people strategy is driven consistently across the organisation through a well-defined, standardised framework.

Ernst & Young's culture and values are the key drivers of this uniform understanding of the people strategy and its implementation (Fig.6.1). The company uses the acronym **“IDEA”** to execute the people strategy through various organisational practices designed with the objective to Include, Develop, Engage and Attract a talented workforce. The most critical practices that EY leverages as its competitive advantage are those which focus on employee growth through its talent development framework, EYU. This framework not only focuses on individual development but also on creating a unique career experience for every employee and in the development of leaders within the organisation.

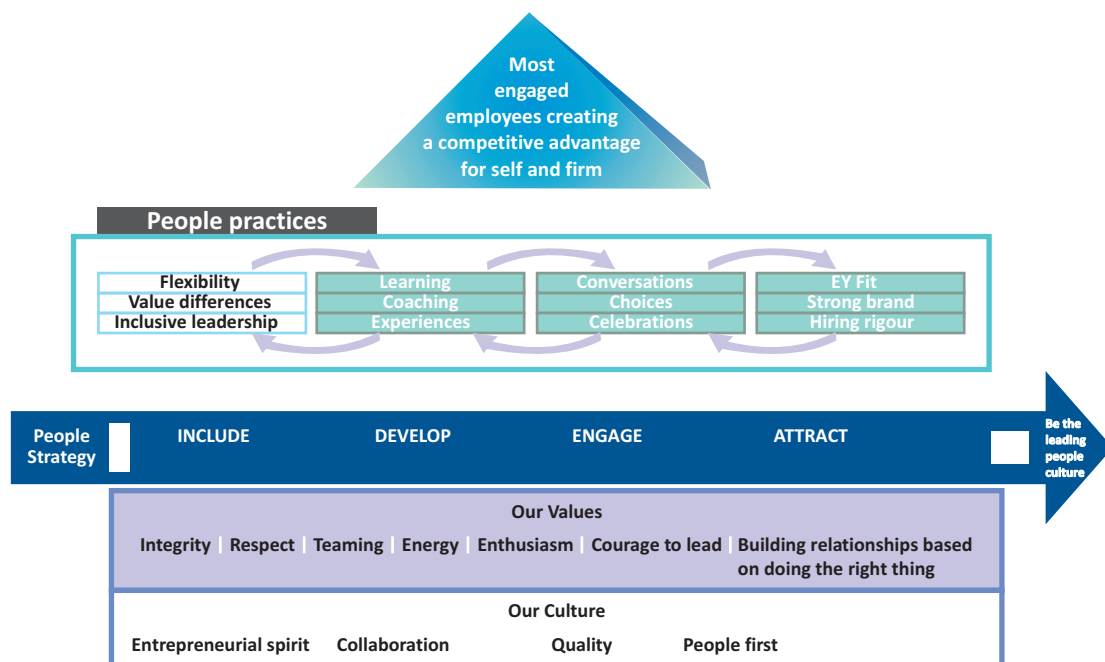


Fig 6.1: People Strategy at Ernst & Young



EYU – A Unique Development Plan

The individual development framework, EYU, reflects the **mutual commitment** between Ernst & Young and its employees. It is the commitment of the organisation to support its employees in achieving their potential, and the commitment of the employees towards taking responsibility for and owning their careers. Fig.6.2 depicts the EYU framework. It links the business context to individual development needs and forms the **Unique Development Plan**, which comprises actions along three basic elements referred to as three pillars: Learning, Experiences and Coaching. While the business context is determined by clients, the business and the needs of the communities Ernst & Young serves; individual requirements are determined by the roles, competencies and development needs of the employees.

The Competency Framework of Ernst & Young is at the core of EYU. Every employee assesses him or herself on the competency framework followed by an assessment by his or her manager. Gaps are identified with respect to the current and required competencies based on which a **Unique Development Plan** is arrived at for each individual. Over 95 percent of employees at Ernst & Young have defined their unique development plan based on the EYU framework.

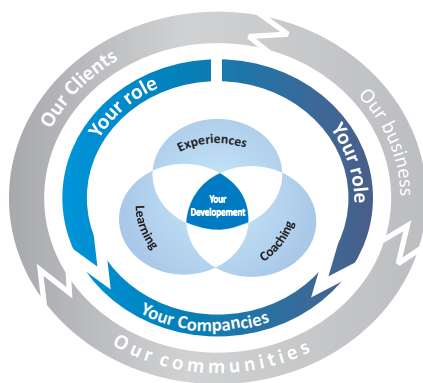


Fig. 6.2 Ernst & Young and U

Learning

EYU-learning provides employees with access to high quality soft-skill, technical and web-based training tailored to match their development needs. A dedicated L&D team is responsible for in-house development of soft skills trainings courseware as well as delivery of training programmes. This is a practice driven by the belief that internal people understand the culture better, are able to relate to specific work scenarios and provide more relevant examples, making learning more effective. Some of the courses are mandatory, whereas others are role and milestone based programmes which every individual needs to take upon reaching particular levels in their career.

Being a knowledge enterprise, technical training also plays a key role in defining the learning spectrum. From a new graduate to an

experienced partner, EY offers its employees a comprehensive range of technical skills development programmes that can be classified into solutions, methodologies, sector and industry specific training.

Experiences

At the next level, assignments are identified for the individual to get hands-on experience in the identified area of development. The organisation invests significant time on EYU experiences, as they are a very critical pillar of this programme. Experiences provide an opportunity to put knowledge into practice and develop new skills using a set of nine high-impact experiences comprising customised activities. These experiences are:

1. Service line specific experiences
2. Quality service delivery
3. Account development
4. Coaching
5. Leading change
6. Recruiting
7. Building a professional brand
8. Community responsibility
9. Mobility



Experiences do not involve any direct monetary expenditure like training. However, they do involve investment in terms of time and effort of the managers who are required to create relevant learning experiences, match it to the development needs of the employee, monitor and review progress on an ongoing basis.

Coaching

At Ernst & Young, coaching is a meaningful conversation that helps transform learning and experiences into practical application on the job. In the EYU programme, every people manager is trained to be a counsellor or a coach for his or her direct reportees. The organisation gives high regard to the role of a coach and places a great deal of emphasis on ongoing sensitisation on the 'role of counsellor' and people responsibilities of a manager. There are regular programmes to train all people managers on giving effective feedback, coaching skills, development and continuous career development of employees.

The framework of learning, experiences and coaching can be explained through a simple example. Presentation skills are essential to the role of a consultant, and enhancing skills on designing and delivering presentations can be a developmental need for an individual. The **learning** pillar of EYU framework comes into play, when an individual picks up an instructor led or web-based soft skill training course on Presentation Skills. Under the **experiences** framework, relevant activities can be identified, wherein the manager provides opportunities for the employee to make presentations to an internal or external audience. The employee is also allowed to shadow the managers to learn how they go about making presentations. Further, under the **coaching** umbrella, the manager, who is also the coach, shares guidelines and tips on making effective presentations. By discussing some of his own experiences and learning, the coach can help his counselee work on the identified developmental need.

Beyond Career Paths – Creating Career Experiences

Ernst & Young's talent development framework extends beyond just equipping an individual for his or her current role. It also aims to provide every individual with the skills needed to become successful in future roles. Career conversations were initiated as a new tool, with the objective of helping employees identify and articulate their short and long-term career aspirations and develop a framework to help individuals achieve them.

Career conversations are meaningful, future focussed interactions around an employee's career aspirations and how the firm can support in aligning these with business needs. Career conversations help people explore and understand their individual career interests and also review where they are in their careers and how they want to progress.

In order to make discussions around performance and career aspirations more impactful, EY introduced the concept of **TRIO meetings**. In TRIO meetings, the reporting partner has a joint discussion with the individual and his or her counsellor to understand the individual's performance levels, development needs and career planning. These meetings not only help leadership get visibility and develop a connect with every member in their team, but also go a long way in reinforcing leadership's commitment to people's growth and development. Based on these conversations, every employee has his or her unique development plan that not only helps the person to perform better in their current role but also work towards the future role they aspire to achieve.

For example, a Tax Advisor might aspire to move into Mergers & Acquisitions. Upon engaging in a career conversation with his counsellor, the individual can work towards developing a road map to enable this transition. The counsellor can thus help identify and articulate an action plan to help the individual take up the new role. This may include undergoing formal and structured learning programmes on financial modelling skills and understanding M&A business. A counsellor can also mobilise a short-term secondment to the M&A team, to give the individual real time exposure. This will help the individual make a more informed choice about the movement.

The above example demonstrates that the focus is not only on creating career paths but also on providing opportunities for employees to have a career experience that enables them to make meaningful decisions. Ernst & Young believes that when its people achieve their best, it can help its clients achieve their best too.

Today's Interns Tomorrow's Leaders – Not an Impossible Dream

Internal leadership development is another high priority area at Ernst & Young. EY takes pride in the fact that almost all of its senior leadership is home grown. Every year, a good number of partners are added to the leadership, which gives tremendous confidence to employees who dream of growing into senior leadership positions.



Leadership development at Ernst & Young happens through diverse sets of programmes at various levels. To begin with, the organisation has a series of development and celebration programmes organised for newly promoted managers, senior managers, and partners. The objective is to emphasise the importance of their role and equip them with skills that can help them transition successfully into their new role.

As part of its leadership development agenda, senior managers identified to move into partnership or leadership roles in future participate in a “Leadership Track Development Workshop” (LTDW). LTDW uses a development centre methodology to do a realistic evaluation of potential strengths and development areas of the target group. It clarifies leadership role expectations and gives participants a solid understanding of the firm's business and strategy. The facilitator group consists of experts from around the world and skilled professional actors to engage participants in role-plays. The L&D team and the leadership group observe, assess and give feedback to participants.

An example of a typical simulation covered in the workshop would be, “A chance meeting with a person in the lift who appears to be a potential client. You are required to introduce Ernst & Young to the person and make sure that in the next four minutes you convert him or her into a client.” Such situations, which are easy to imagine but difficult to handle appropriately, are simulated in a learning environment for senior managers to acquire specific skills at the development centre.

Partners are the highest level of leadership in Ernst & Young. Globally and in India, candidates with potential to be partners are selected through a highly structured and rigorous process called **Global Next Gen**. This programme builds the skills and capabilities through three experiential leadership challenges focused on our markets, our business and our people. It aims to create new partners with strong market leadership skills, a global mindset, wide networks and a broad understanding of the business.

Starting a couple of years in advance, the identified employees participate in various forums and provide inputs on different initiatives and organisational processes.

Ernst & Young lays strong emphasis on **Succession Planning** to build a robust and diverse leadership pipeline. The company takes into account both the available slots and people within the organisation to ensure that the necessary resources are identified and are ready for any existing or future positions that are or may become vacant.

What's Next?

EY has always endorsed a strong need to provide its people with the best possible development opportunities and challenging experiences to help them evolve into leaders within the firm, profession and communities at large. Building further on the leadership development framework to groom future leaders will continue to be a focus area for EY. The spotlight will also be on adding more meaningful offerings to its already well-established bouquet of learning and development opportunities.

SHRM India's Conclusion

The talent development framework focuses on a holistic competency development programme. Given that competencies are understood to be a combination of knowledge, skills and attitude, the individual development plan in EYU, through its three pillars of learning, experiences and coaching, can be seen as a unique way to build competencies. Learning is provided through training programmes designed to deliver the required knowledge; experiences help in acquiring the necessary skills and coaching brings in the required ability and attitude. By emphasising on these three pillars, the framework helps to ensure that the unique development plan translates into meaningful action and provides the requisite business results.

EYU is four years old and ever since its implementation, has played a key role in nurturing employees' professional growth and development. The strong business case for people development and high engagement levels within the company contribute significantly to the success of the programme. The robust online system which helped ensure compliance, reporting and provides continual feedback on the progress was a key driver in the successful deployment of the programme. Strong leadership endorsement and an explicit value proposition of this programme have helped E&Y meet its objective of helping today's professionals grow into tomorrow's leaders.



Accenture - Creating and Sustaining a High Engagement Culture

Building the desired culture in an organisation is a journey; several factors play an integral role, including investing time in programmes and practices to give it shape, and discipline to make them sustainable. At Accenture, culture is tangible, measurable, and demonstrable. This unique approach provides the organisation with a competitive edge in creating a high engagement workplace for its employees.

Accenture tracks and measures individual performance on three dimensions: Business Operator, Value Creator and People Developer. In addition to definite objectives outlining contribution, specific behaviours have been articulated along each of these leadership dimensions to measure how performance is accomplished and brings alive the desired culture every day.

This case study delineates Accenture's journey of defining and articulating its culture, aligning it to support contributions to deliver targeted performance each year, in an environment of exponential growth in India.

The Accenture Journey

Accenture is a global management consulting, technology services and outsourcing company, with approximately 244,000 people serving clients in more than 120 countries. Accenture collaborates with clients to help them become high-performance businesses and governments.

In the last ten years, Accenture has organically grown from 500 to 70,000 employees in India. As the organisation grows, maintaining consistency in employee experiences; building and sustaining employee engagement becomes challenging. This necessitates that the core values of the organisation that define its culture remain constant. Creating and enabling this culture ensures competitiveness and high performance. It requires focused efforts and disciplined practices to introduce and inspire people to live by these values fairly executed across the organisation.

Inspiring and impressive core values can be seen on the walls of most organisations. The challenge is in getting these core values from the wall into the thought, behaviour and actions of every employee. Accenture realised that the best way to do this is to embed the core values in the leadership and performance expectations of every individual.

Performance expectations of all employees are established along the three leadership dimensions – **Business Operator, Value Creator and People Developer**. These are used to set detailed objectives for each individual. Not only is 'what' people do important but also 'how', which is why certain actions which exhibit how the employee brings the organisation's values to life are expected in the way of working.

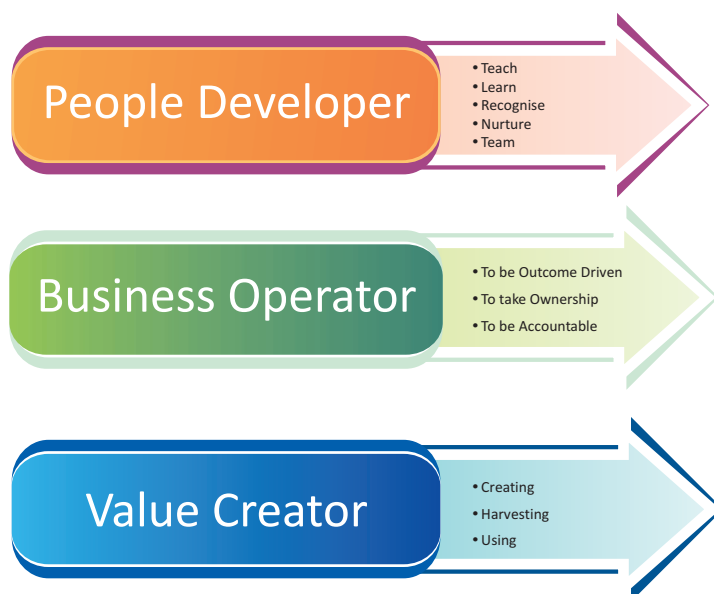


Fig.7.1 Leadership Dimensions & Expected Actions

New joinees come from diverse backgrounds and have their own belief systems. Each individual perceives the organisation's core values based on these belief systems, which in turn results in a mismatch between intention and action. For instance, **Managers need to ensure that their direct reports go for specific training, as per the core value of Employee Development. However, in the course of work, project pressures take priority and training is pushed to the back burner. The conflict in this case is deciding the right action that balances both our belief in the core value of Best People and Client Value Creation.**

So beginning in 2006, Accenture spent a lot of time with the top leaders across executive career levels and initiated a dialogue to align the values, beliefs, intentions and actions to reach a shared view on how to make decisions that



balance behaviours across the three leadership dimensions. While the goal was not to change belief systems, the dialogue was critical to identifying intentions and articulating promises that leaders will make to their employees and which they will carry forward through actions. These actions make them exceptional **Business Operators, Value Creators** and **People Developers**.

All these actions and behaviours are measured. The accountability 'to do' is with the organisation's senior most leaders. As the promises were articulated, every leader is clear as to how the eleven action points would be demonstrated within their circle of influence and what to expect from each other. Together, they committed to bring to life **beliefs, intentions, promises and actions** founded on the values to which they subscribed.

The alignment of these four elements becomes extremely critical. Accenture has made it a practice that in every communication to an employee on any programme or policy there is clarity on the leadership dimension and the actions it reinforces.

As a People Developer

As a People Developer, individuals at Accenture need to display five attributes – **Teach, Learn, Team, Recognise, and Nurture**. Each word easily translates into specific actions – listed below are some examples of measures which are used to assess and monitor these actions.

Teach – Leaders are expected to teach. Regular reports of their teaching sessions are sent to their respective managers. Though there is no specific goal on the number of teaching sessions, an open display of these measures creates healthy competition among the leaders. All the new employee orientation programmes at Accenture are hosted by a senior executive.

Learn – Accenture has a knowledge management portal called, “My Learning”, which provides access to online and classroom training which includes mandatory as well as optional programmes based on the level of the employee. All employees need to complete the mandatory training within the stipulated timeline, failing which could impact their performance rating. Optional training, however, is based on the employee's career goals. **Accenture in India is one of the few organisations which did not reduce its spend on training even during the recession.**

Recognise – Accenture introduced, “**celebrating performance**,” an online reward system to help supervisors, peers and cross-functional teams recognise and reward employees for their performance. Through it peers can send e-cards and supervisors can allot celebration points which can be redeemed at the online shop for various items ranging from wallets to home theatre systems. This programme enables employees to be recognised for their contributions at work whether it is coaching a peer or generating a cost saving idea. Apart from this, Accenture also organises quarterly, half yearly and annual events where senior leaders recognise and reward employees for exceptional achievements.

Nurture – At Accenture, all employees have a career counsellor. The belief is, as you drive performance you will also need to drive a career and leaders need to play an active role in this journey. Given the average age of employees at Accenture, sometimes the counsellor's life experience is very similar to the counselee's, so the organisation tries to ensure that all career counsellors are at least one or two career levels above their counselees. At the end of the year, each counselee provides feedback to their career counsellors, as part of the Leadership Survey, which provides developmental inputs from peers, supervisors and employees on each of the three leadership dimensions to the leaders.

Team – It is understood that everybody works in a formal or virtual team. Hence, working effectively in groups for a common outcome is very important. A key goal for supervisors is to make groups productive by mitigating any interpersonal issues and driving the focus on achievement of common outcomes. Individual results are not important, if the group fails to achieve the outcome.

As a Business Operator

The three main qualities of a Business Operator are **to be outcome driven, to take ownership and to be accountable**.

Often employees are not able to get the required support from their supervisors because they view them as “friends,” making it difficult to push them to give the required inputs to enable the outcome. A change in mindset is reinforced by emphasising the importance of being accountable for the outcome of the task even though the employee may be working with “friends.” Hence, training programmes are conducted to help executives to have “**hard conversations**.” This is a cultural shift, as typically in India, critical conversations are not easy. This training has helped shape and improve the quality of dialogue across the organisation.



All senior managers including those in Human Resources have an **accountability matrix**, which measures their various responsibilities in an ongoing manner. This influences annual appraisal decisions.

Ownership of embedding practices to enhance inclusion and diversity, which bring alive the core value of Respect for Individuals is important and the contribution of all senior executives in this area is measured.

All these aspects are tracked as part of an individual's performance management. Consequences are built into the performance management system if appropriate results are not achieved. Accenture invests in equipping employees with the required skills to ensure they are able to deliver on their accountabilities and expectations. This necessitates that **performance expectations are clearly established for each employee and he or she is enabled by the organisation to meet them.**

As a Value Creator

Being a Value Creator is essentially about **generating sustainable shareholder and stakeholder value**. A statement often used in dialogue is **Share with Pride** where the focus is on reusing and leveraging work that has already been done, thereby saving time and effort. Research shows that what differentiates people who are at the bottom of the peer group from those who are significantly above their peer group is the practice of 'show and tell.' Those rated at the top do not just restrict themselves to excellence in performance but also instead talk and share their best practices with others.

Accenture recently organised a contest to identify innovative HR practices in its business units. Through this contest, the organisation found winning ideas, which could be leveraged not only in the business, but also be converted as offerings for clients.

The BPO business at Accenture has a programme to generate ideas called 'We@accenture'. Through this, employees can post ideas, which can reduce cost, time, effort, manpower and increase productivity and quality of work. While it can be seen as a simple suggestion scheme, it has led to huge savings annually.

Key Achievements

Accenture's leadership believes in "walking the talk." This has helped them maintain a high engagement culture amongst comparable high performing companies since 2005.

An important structural enabler achieved in 2006 was linking many of the talent management practices to driving competency and proficiency. The organisation has leveraged the PCMM (People Capability Maturity Model) to sustain its practices. While everyone talks about providing a great learning experience, Accenture demonstrates this by rewarding individuals, who show actual improvement in their proficiency over a period of time, tangibly in pay. While many companies are PCMM certified, Accenture believes that the role of HR goes beyond obtaining certification to clarifying the strategy, specifying intent and translating the two through concrete action.

What's Next?

The areas which Accenture now needs to focus on are:

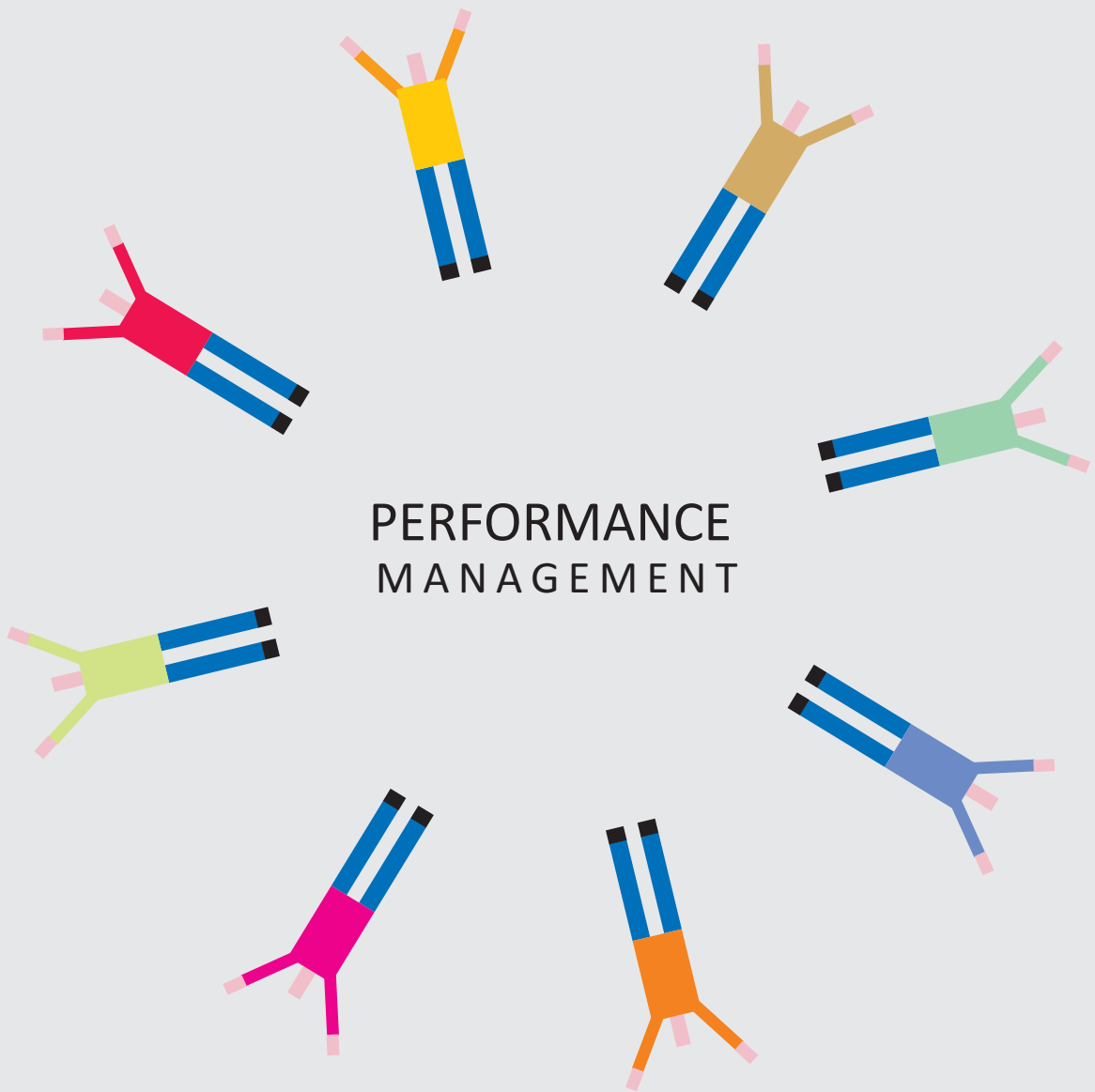
- Keeping technology up-to-date with their pace of growth
- Recognising the need to expand the use of scenario and analytics to sustain the predictability in talent management outcomes by applying practices from other disciplines such as consumer behaviour research and supply chain management

SHRM India's Conclusion

One of the key takeaways from this case study is the way an abstract concept like culture has been given a definite structure that translates into practices that can be deployed, measured and controlled. Using intentions as a starting point acts as a leveller and brings together people with different backgrounds and belief systems. Articulation of promises which are later carried forward as action helps specify deliverables that each individual is accountable for through their performance. The discipline involved in sustaining and carrying forward the process is demonstrated in the measurement and follow-up actions where progress is rewarded, and there are consequences for falling short on required results. All other processes are also aligned to this framework thereby making this a unique way to make culture come to life in the organisation.



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MANAGEMENT



Agilent Technologies – Measures for Excellence

“What gets measured, gets managed” said Peter Drucker. Agilent Technologies, a leading test and measurement company has institutionalised the measurement of employee performance and engagement to drive business results. This case study focuses on the Performance Management System at Agilent Technologies, which uses analytics for improving employee performance and engagement. It also lays emphasis on having a Performance-Based Compensation System, which leads to the development of a culture of reward differentiation and continuously measured and managed employee engagement. The study explains the people challenges, the system and the next steps.

Business Context

Agilent Technologies is a premier test and measurement company. In its previous avatar before 1999, it was the test and measurement division of Hewlett Packard (HP). Now, a fully independent measurement company, Agilent is in a position to lead the test and measurement industry into the 21st century with its innovation and excellence. Its strategic intent is to be a measurement solutions partner to every engineer, service provider, and scientist in the electronics and bio-analytical market. The company's three businesses - Electronic Measurement, Life Sciences and Chemical Analysis, provide customers with products and services that make a real difference in the lives of people everywhere.

The company has approximately 18,500 employees worldwide and customers in more than 110 countries. Its competitive advantage rests on leadership in innovation, creativity, problem-solving and organisational flexibility. For this, Agilent addresses work-life balance challenges and leverages diverse perspectives, talents and teams. Agilent has realised that its global competitiveness will be achieved not only by designing, manufacturing, marketing and selling superior products but also by developing and applying excellent global people skills around the world.

As an organisation, Agilent continues to draw upon the values that made Dave Packard and Bill Hewlett's company a success: dedication to innovation; trust, respect and teamwork; and uncompromising integrity. Added to these are speed, focus and accountability to meet customer needs and a culture of performance that draws on the full range of its employees' skills and aspirations.

People Practices and Challenges

To achieve its objective of developing and applying excellent people skills around the world in order to gain competitive advantage, Agilent discovered the need to develop a high performance work environment that recognises individual contributions. It acknowledged a need to foster initiative and creativity by allowing individual freedom to attain well defined objectives. The company wanted to make their employees believe that their work is valued and makes a difference to the world.

With that, compensation at Agilent needed to link tightly with an individual's performance. Sometimes managers agreed on paying employees at the lower end of the compensation band. In some cases, high performing employees could end up receiving lower salaries than employees who were not performing well. The company realised that paying right was a priority, which came ahead of other intrinsic motivators. Hence, they needed to build a culture of differentiation with Performance-Based-Pay as their Compensation strategy.

Agilent initially had an intensive focus on training. All employees were given classroom training on periodic basis. It realised that this generic training did not have the desired impact. The company instead wanted to come up with a framework in which they would be able to measure the competencies where an employee actually required development and provide training accordingly.

Other challenges Agilent faced were, a high attrition rate, need to increase employee engagement, plan for employee development and most importantly, to make HR think like the business and get involved in the strategic decision making process. For that it needed to measure employee engagement on an ongoing basis. This required developing a transparent, accountable and measurable Performance Management System which drives outstanding results.



Solutions

In response to the above challenges, Agilent has evolved a Performance Management System based on the principle of Management by Objectives (MBO) to unleash each person's passion and potential to create outstanding results.

The various steps involved in the MBO process adopted by Agilent are explained in Fig 8.1.

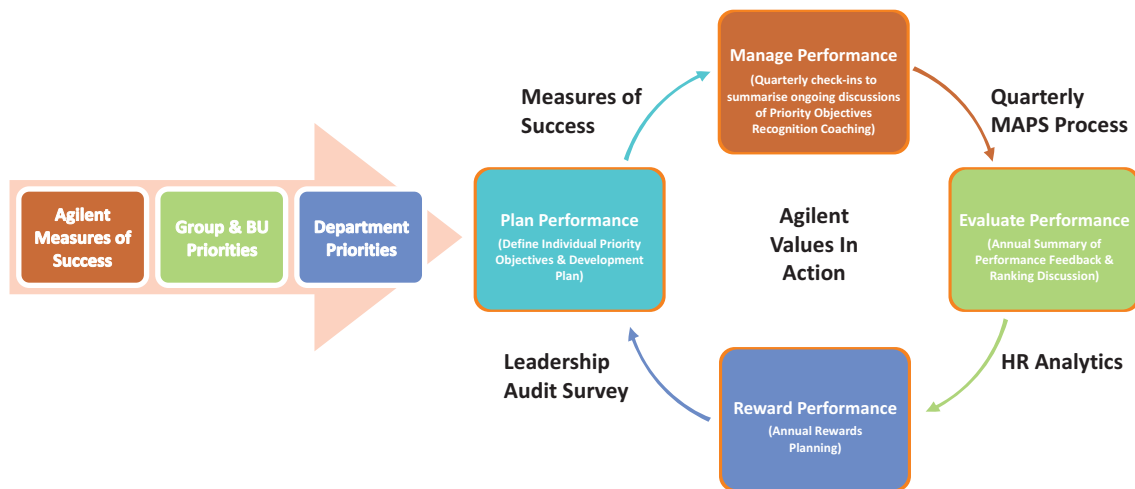


Fig.8.1 Performance Management at Agilent Technologies

STEP 1: Define the measures of success

This involves defining the broad measures of success in four quadrants as follows: Customer Satisfaction (create loyal customers), Employees, Leadership and Culture (speed to opportunity), Financial (leverage the operating model) and Markets (accelerate profitable growth). This approach is referred to as Agilent's Four Quadrant approach. These broad measures are further subdivided to set priorities for the Group, Business Unit and Department, followed by a performance plan which defines individual priority objectives and development. By the end of this step, employees are clear about what their deliverables are and how they help to achieve organisational objectives. In this way, each individual can see himself or herself as part of the organisation's overall objective.

STEP 2: Quarterly MAPS process

MAPS stand for **My** Accountability and **Performance** Standards. The objective of MAPS is to ensure that, at any given time, all employees are clear about where they stand, what is expected of them and what their manager is doing to support their development. The philosophy behind this practice of open dialogue is to avoid surprises. There might be certain disagreements but it is a good opportunity for employees to know from their manager what they are doing well and where they need to improve.

The first step in the MAPS process is to get the manager and employee to have a MAPS conversation. These are one-to-one development oriented conversations, which are strategic in nature. The basic idea is to not only make employees understand where they stand but also to chart out a development plan, based on feedback, to help them improve their performance.

The next step is to document and upload the conversation for future reference on the MAPS website; the employee then has to take a survey to evaluate the quality and effectiveness of the MAPS conversation. Function-wise reports are also published and shared to increase accountability. This makes the entire process transparent with clearly assigned accountabilities, thereby providing employees with clarity on and ownership of the objectives.



STEP 3: HR Analytics

Quarterly meetings are held between HR and function heads to discuss the function's HR data. These discussions are focussed on data points which include – Rank and level wise attrition data, rank-wise distribution of compa-ratio (calculated as the average of the employee's actual pay divided by the pay range midpoint within the job grade), percentage of employees below minimum compa-ratio, comparison of attrition or pay between new, existing and exited employees, and employees on a corrective action plan.

This helps business heads own HR data with reference to their respective departments. HR's role is to help them with tools, consultation, brainstorming and collaborating with them to create and execute programmes. However, the ownership of the entire programme remains with the business heads. This helps them make more prudent HR decisions. For example, the distribution of wages. In addition, providing feedback to HR helps improve business processes or push for policy changes. The overall objective of this process is to make HR think like the business and make line managers think like HR by making them understand that HR does not manage people but managers manage people.

STEP 4: Leadership Audit Survey (LAS)

The objective of a Leadership Audit Survey is to provide feedback from employees to the management and this is accomplished through a half-yearly survey that is taken by all Agilent employees. This survey is conducted within each department for each manager. Hence, it provides manager by manager accountability based on their rating by their employees. This survey measures four different aspects of employee engagement. The four types of indices used along with sample survey questions for each are as follows:

Customer Orientation Index which helps understand the efforts made by employees to surpass customer expectations through statements like –

- I regularly use customer feedback to improve work processes
- Customer problems get corrected quickly
- I have the authority to do what is necessary to serve my customer

Speed and Decisiveness Index which helps understand the speed with which conflicts are addressed and decisions made in the form of statements like –

- Day-to-day decisions demonstrate that continuous improvement and innovation are top priorities
- Conflicts are surfaced and addressed in order to improve our business results
- Once a critical decision is made and objectives established, execution moves quickly

Risk Taking index which helps understand the freedom employees experience to take informed risks measured through statements as below –

- I feel free to take informed risks in getting my work done
- Leaders make the difficult trade-offs to focus on the most critical business priorities

Engagement Index which helps understand the employee engagement levels through statements like –

- I receive ongoing feedback that helps me improve my performance
- I can see a clear link between my work and Agilent's objectives

This survey helps in providing feedback about leadership behaviours that are important in achieving the objectives of customer satisfaction, a highly motivated and engaged workforce and consequently, industry recognition. Capturing these responses helps to focus on improving the company's score on low scoring questions, support managers who did not meet the half-yearly targets and make managers accountable for their individual results.



Managers with 100 percent scores share their stories with managers who are not doing so well, in order to help them learn and improve their performance. In addition, development support is provided to managers who have not been able to do very well. The LAS scores sometimes point to latent problems, which need to be identified by examining the manager's individual situation.

Agilent recognises that it is very important to pay well to engage employees and keep them happy and motivated. It also provides intangible motivators like a high level of work-life flexibility where employees are allowed to work from home once a week. The company's philosophy is to manage by objectives and not by the number of hours in office. Agilent also believes in differentiation with feedback. It makes an effort to make their employees know where they stand with respect to their performance.

Achievements and What's Next?

The results that indicated that these mechanisms worked are:

- Attrition rate dropped significantly below market
- Best-in-class employee engagement scores
- A successful culture of differentiation has been built in the organisation
- Achievement of industry recognition as below:
 - Ranked #8 in the Great Place to Work[®] survey 2011, #2 in the ITES sector and #3 for Employee Development
 - Recognised as the top Test and Measurement Company by Voice & Data Magazine

The next steps for Agilent to concentrate on are:

1. Focus on improving the country score on low-scoring question(s)

- Continue to tightly manage the country MAPS process
- Conduct training for all managers on how to conduct 'Meaningful MAPS Conversations'

2. Support managers who did not meet the target for the first half of the year

- The particular Function's Management will continue to track corrective action of managers who have not met their target
- Launch the Culture and Leadership Development initiative for the appropriate Function in the second half of the year

3. Make managers accountable for their individual results

- Monthly review and coaching with managers of large teams who did not meet targets

SHRM India's Conclusion

Agilent Technologies endorses Management by Objectives (MBO). This gives its employees freedom to do the task in the manner that suits them, makes them responsible and accountable for their objectives and results and creates visibility for how their individual work contributes to the overall objectives of the organisation. The example of performance management in Agilent Technologies brings to light how a HR driven function through, rigour in measurement and ownership by the senior management can translate to a high performance organisational culture and hence become its key competitive advantage.



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