

CHAPTER



OB - THE EMERGING CHALLENGES



"Let us not be blind to our differences – but, let us also direct our attention to our common interests and the means by which those differences can be resolved."

— John F. Kennedy

Chapter Summary in 10 Points

1. Organisations are becoming increasingly cosmopolitan. If a diverse workforce is managed well, firms gain competitive edge. OB experts need to create diversity awareness, enhance diversity skills, and commit top management to diversity. There are a number of other ways too to manage diversity.
2. Feminising workforce is the trend everywhere. Though more women bring in additional responsibilities, the trend is beneficial to the organisations.
3. Dual career couples, growing number of young employees, more and more working mothers, and decline of blue collar workforce are the changes in the organisation.
4. Employees are no more attracted by mundane benefits like pay rise and job security. They are motivated by career prospects, challenging jobs, empowerment, and the like.
5. Globalisation benefits skilled employees. Competent people are in great demand. Attracting and retaining such employees is a big challenge.
6. Disruptive technology is both functional and dysfunctional.
7. Career planning and management are no doubt the task of employee himself or herself. Management should not however absolve itself from the responsibility of facilitating employees to reach higher positions.
8. Talent management is assuming relevance these days as talent is a rare quality.
9. Talent needs to be attracted and nurtured. There are as many as 100 techniques to manage talent in organisations.
10. Employees entertain their perceptions about how organisational justice is distributed among all the stakeholders. Any unfair treatment is sure to evoke resentment from employee.

LEARNING OBJECTIVES

After reading this chapter, you should understand –

1. Challenges lying ahead of OB specialists.
2. Nature, consequences and ways of managing diversity.
3. Career development is a big challenge and the organisations need to find ways to face it.
4. Talent is a rare virtue which needs to be hired and nurtured.
5. Changing demographics and their implications for OB specialist.
6. Employee expectations have changed and the OB expert should find initiatives to meet such hopes.
7. Implications of globalisation for people manager.
8. Employees will have their own perceptions about the ways organisational justice is meted out to them.

Preview Case

We refer to Standard Chartered Bank that has weathered global financial crisis, unlike others which caved in and lost. The key for this is the best employee practices the bank has been implementing.

"If more firms were to positively tackle employee engagement, I think we would improve productivity and performance substantially," advises Standard Chartered senior executive Tim Miller. The London-based bank's Hong Kong business is a three-time winner of the Gallup Great Workplace Award. Its operations in Thailand, Uganda, India (Scope International-India), and Korea (First Bank Korea Ltd.) are also recognised as top-rated employers globally or in their countries.

More than half of Standard Chartered's employees are highly engaged, compared with only 25-30 per cent in most organizations. The bank's employees weren't always so highly motivated, however. Standard Chartered's employee engagement scores have more than doubled over the past decade because the company introduced specific practices. First, it trained managers to more actively coach employees on clear key performance indicators (KPIs), constructive feedback, and building competencies. Second, Standard Chartered invested more in employee development, to the point that almost all the bank's staff say they understand their role and have confidence in performing those objectives.

Third, Standard Chartered rewards performance through career development opportunities and a stock ownership programme. Fourth, the bank supports social interaction through team-based volunteering events and structured, fun activities in the workplace. Finally, Standard Chartered focuses on employee strengths rather than weaknesses. "Our culture is very much based on the positive psychology movement of playing to strengths," says Tim Miller. "We know that when people are doing what they like doing, they are going to be far more productive than if they are in roles where there is less interest."

Standard Chartered's focus on employee engagement is paying off in employee well-being as well as in the organisation's bottom line. "Using this focus [employee engagement], we have seen spectacular results," says Miller. "Our most engaged bank branches [have] significantly higher deposit growth, better cost-income ratios, and lower employee attrition than less engaged branches."



Focus on employee engagement vaulted Intuit India to the top of the Best Employers to work for 2017. Over the last year, the company has been focusing on people-led transformation, driving up employee engagement scores, relocating the go-to-market team previously based in Gurgaon to the Bengaluru office, all of this alongside building a road map to equip Intuit to keep raising a bar for performance.

"We wanted to make this transformation a wholly inclusive effort. At a company programme, we asked our people how many wanted to be part of the journey to take Intuit to the next phase of awesome, 100 of them put up their hands" says Somanth Baishya, director and head of HRM.

With highly motivated employees, Intuit is well poised to face any challenge that may arise.

As we go into the future, the OB specialist will confront more and more employees sandwiched between 'here' and 'there' cases. It is a big challenge for him or her to manage such employees.

In addition, the OB specialist faces certain other challenges, some of which are explained in this Chapter. The challenges include (See Fig. 3.1):

- Managing inclusivity.
- Changed employee expectations.
- Disruptive technology.
- Talent management.
- Globalisation.
- Changing demographics of workforce.
- Promoting ethical behaviour and CSR.
- Organisational justice.
- Career management.
- Feminising workforce.

Figure 3.1:
OB Challenges^{LO1}

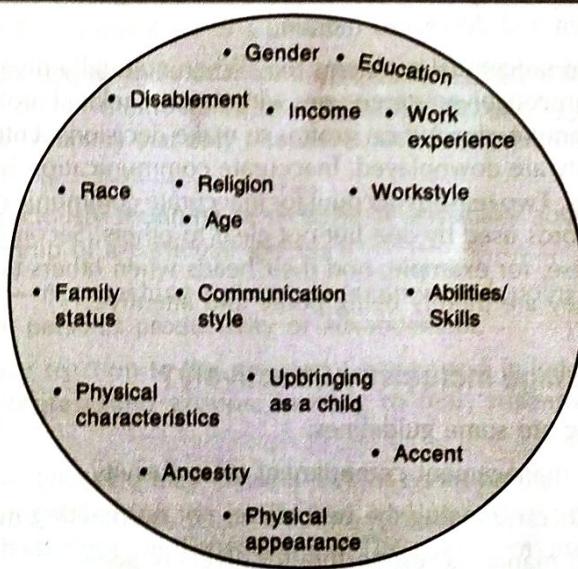


MANAGING INCLUSIVITY^{LO1}

Inclusivity refers to workforce made up of people with different languages, cultures, gender and religions. They differ in age, educational qualification, lifestyles, origin, beliefs and opinions. Diversity is another term for inclusivity.

Diversity has both primary and secondary dimensions (See Fig. 3.2). Diversity needs to be understood from both the dimensions.

Figure 3.2:
Diversity Variables



Managing inclusivity^{LO2} is a philosophy about how differences among individuals are accepted and respected and how they are made to work in cohesion. Firms are realising that utilising diversity in all aspects of the workforce makes not only a strong moral sense but also business sense. By ensuring that diversity is built into various groups of members, such as project teams, business start-up teams, customer response teams, salesforce and top management teams, businesses are able to achieve immense benefits:

Diversity is going to be a major challenging task for managers for the following reasons:

- The number of young workers (Generation Z) in the workforce is increasing
- Organisations are getting increasingly feminised

- Proportion of ethnic minorities in the total workforce is increasing
- Workforce mobility is on the rise
- International careers and expatriates are becoming common
- International experience is becoming a pre-requisite for career progression to top-level managerial positions.

Effective diversity management offers strategic advantages to an organisation. One benefit of diversity is the generation of more and better ideas. Because group members from a host of different cultures, they are often able to create unique and creative solutions, recommendations. A second major benefit is that culturally diverse groups can prevent groupthink, which is a social conformity that pressures individual groups to conform and reach a consensus. When this occurs, group participants believe that their ideas and actions are correct and those who disagree with them are either uninformed or are deliberately sabotaging efforts. Multicultural teams are able to avoid this problem, because the members do not feel similarly or feel the pressure to conform. Third, organisations will be able to tap gender and racially diverse markets better with a more diverse workforce. Fourth, firms having good skills in managing diversity may be able to attract talent. Finally, organisations that can manage diversity better tend to be more flexible and vibrant, because they have broadened their perspectives, are more open minded, have less standardised operating methods and have developed skills to manage resistance to change.

There are problems associated with diversity. It may cause a lack of cohesion that results in the firm's inability to take concerted action, and direction-less. Decisions are delayed, performance may suffer. When diversity is not managed effectively, consequence will be loss of flight of talent and decreased morale.



There are perceptual problems too. When culturally diverse groups function together, they often bring preconceived stereotypes with them. A related problem is inaccurate biases. Japanese firms, for example, depend on groups to make decisions. Entrepreneurial spirits, individuality and originality are downplayed. Inaccurate communication is yet another problem of culturally diverse groups. Two reasons account for inaccurate communication: One is the misunderstanding caused by words used by one but not clear to others. Second is the interpretation of situations. Many Japanese, for example, nod their heads when others talk, but this does not imply oral approval. They are merely being polite and attentive.

How to Manage Inclusivity Effectively?

Following are some guidelines:

- Top management commitment to inclusivity.
- Focus on bringing the best talent, not on meeting numerical goals.
- Hold managers responsible for diversity goals.
- Have more women as supervisors. They in turn bring in more females as employees.
- Develop career plans for employees as part of performance reviews.
- Develop an age, gender, and race/ethnic profiles of present employees.
- Promote minorities and other disadvantaged sections to decision-making positions not just to fill vacancies.
- Diversify the company's board.
- Provide extended leaves, flexi-time, job-sharing, and opportunities to telecommute particularly for disadvantaged workers.
- Organise diversity training programmes that provide diversity awareness and educate employees on cultural and sex differences and how to respond to those in the workplace.

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- Have a diversity group to provide a nurturing climate for employees who would otherwise feel isolated or alienated.
- Create mentoring programmes in which senior managers identify promising minority workers and play an important role in nurturing their career progress.
- Establish diversity audit to review the effectiveness of an organisation's diversity management programme.

Barriers to Accepting Diversity

Despite a general awareness in organisations that diversity is a positive factor, individuals still experience numerous personal barriers to accepting diversity. Those who come from homogeneous backgrounds are especially vulnerable to attitudes that prevent them from being more open to diversity – both in the workplace and in their personal lives. There are several barriers that prevent organisations from accepting diversity. These include:

- **Predilection** = Unintended negative attitude towards a person based on his or her membership of a particular group.
- **Ethnocentrism** = A tendency to regard one's own group, culture, or nation as superior to others. This is what sometimes occurs in a selective club, religious sect, or political organisation. People who are ethnocentric see their group-related customs or beliefs as 'right' and evaluate other beliefs or practices against this yardstick.
- **Stereotyping** = Set of beliefs about a group that is applied universally to all members of that group, such as 'all poor people are uneducated' or 'all Asians are good at maths'. Stereotyping, whether positive or negative, is not good because seldom does one statement hold true for all members of a group.
- **Discrimination** = Barring an individual from membership of an organisation or from a job because of his or her membership of a particular group. An example of unfair discrimination is the company that only interviews men for a position that requires a lot of travel.
- **Hasslement** = Consciously shunning or verbally or physically abusing an individual, because of membership of a particular group.
- **Sexual harassment** = Approaching a person in an unwanted, uninvited, intimate way, interfering with that person's productivity or advancement.
- **Backlash** = Negative reaction to the gaining of power and influence by members of previously under-represented groups, leading to fear, resentment, and reverse discrimination.
- **Lack of Cohesion** = Diversity may cause a lack of cohesion that results in the firm's inability to take corrected action, be productive, and create a work environment that is conducive to both efficiency and effectiveness. These problems are rooted in people's attitudes.
- **Inaccurate information** = Diverse groups may contribute to faulty information in more than one way. One is misunderstandings caused by words used by one but not clear to others. Another cause relates to the way in which situations are interpreted. Many Japanese nod their heads when others talk, but this does not necessarily imply their approval. They are merely being polite and attentive. Different uses of time may lead to communication problems. For example, many Japanese will not agree to a course of action on the spot. They will not act until they have discussed the matter with their own people because they do not feel empowered to act alone. Many Latin managers refuse to be held to strict timetables, because they do not have the same time urgency that US managers do.



Diversity Dimensions

Diversity is a broad term which includes several dimensions. They are gender, demographic, culture, disability and religion. Gender diversity is elaborated in the next section. Other dimensions are described here.

Diversity in Religion: India is a land which exhibits vast religious diversity. People belonging to different religions live in harmony – there is unity in diversity. Major religions prevailing in India include Hinduism, Islam, Christianity and Sikhism. Being highly secular, organisations encourage people belonging to all religions. A Murthy, a Khan, a Peter and a Singh work under the same roof, rub shoulders, share joy and celebrate accomplishments together. Employees with tonsured heads, unshaven and barefooted are as much accepted as those taking time off to offer prayers multiple times a day. All employees participate in festivals like Vinayaka Chaturthi, Diwali, Onam, Pongal, Ramzan and Christmas. Employees of diverse religions speak the same language of task accomplishment, productivity, profitability, competitive edge, takeovers and ESOPs.

Culture Diversity: Not only secular, today's organisations are multicultural in their outlook and actions. A multicultural organisation offers the following benefits:

- High creativity and innovation
- Demonstrating sensitivity while dealing with foreign customers
- Hiring the best candidate from anywhere
- Demonstrating a global perspective
- Creating a "Super Organisational Culture" embedding the best of all cultures
- Evolving universally accepted HR policies and processes

In order to make the organisation truly multicultural, the manager needs to possess the following attributes:

- Strong personal identity
- Knowledge and felicity with the beliefs and values of the organisation
- Communicate clearly in the language of the given cultural group
- Maintain active social relations within the cultural group

The manager needs to identify and implement multicultural interventions. For example:

- Committing top management to make the organisation truly multicultural
- Following geocentric policy while hiring irrespective of region and religion
- Picking up local language, visiting employees' houses on auspicious occasions
- In case of MNCs, expatriate bosses need to acclimatise with the cultures of subsidiaries

Disability Diversity: It is estimated that there are 70 to 100 million disabled in India. Their disability varies from partial to total. As many as 21 categories of disability have now been recognised. Some of them are the following:

- physical incapacitation
- blindness
- low vision
- leprosy-cured
- learning impairment
- mental retardation
- mental illness

In addition to being incapacitated these people are socially disadvantaged too. Particularly in the rural side, discrimination is intense. Social stigma is attached to disability. A girl with disability is disqualified for marriage. Besides, it is feared that the presence of the disabled



would make it difficult to find suitable boys/girls for their siblings. The disabled girl is therefore hidden on auspicious occasions. It is not uncommon to notice that the disabled boys and girls are addressed not by their names but by their disabilities. For example, a blind is called "Guddi", a lame "Kunti", a deaf a "Chaviti" and a short a "Potti".

Disabled need support and rehabilitation—not charity. They possess skills and this skill pool can be tapped for useful purpose. It may be stated that disability is not a sin ordained by divinity, but it is a sin not to reach out to them.

Corporates can have a bigger say in hiring the disabled. Providing jobs to disabled is an obligation under corporate responsibility directive from the government.

There is also a strong business case for employing disabled people.

Talent pool Disabled pool represents an alternate pool of job-seekers. When in need, organisations can tap this source. In addition to job-specific skills, disabled people possess certain attributes. They are more productive, absent-less and are hassle-free.

Promoting diverse workforces Being part of diverse workforce, disabled employees form part of diversity. Diversity, as stated earlier, offers several benefits such as innovation, vibrancy and transparency.

Inclusive organisation Being a part of an inclusive organisation means morale and teamwork of employees in general are enhanced. Morale and teamwork in turn help bring out innovative products and enhanced customer base.

CSR compliance Rehabilitating disabled is a statutory obligation. The Persons with Disability Act, 1995 mandates that every establishment shall reserve atleast three percent of the total jobs for the disabled. In addition, the Act requires that schools and colleges shall reserve given number of seats for the disabled children. They are entitled for free education also. It is too well known that a few seats are — generally reserved for the disabled in public transport.

When disabled are on board, a few facilities exclusively for them—ramps, special parking, wide and spacious lifts with Braille enabled buttons including audios in all the lifts—need to be provided.

Tatas have more than 4000 employees who are disabled. The conglomerate is planning to make building structure more accessible and comfortable. Making parking areas closer to buildings and lifts and work-stations that suit the disabled are among other plans the Tatas have.

Indigo is the first airline to introduce ramps instead of step ladders to make emplaning and deplaning easier for disabled passengers. It is also the first airline to employ disabled for their operations.

Valeo, the Chennai based French MNC, has disabled employees on its payroll. It has discovered that productivity of disabled employees is 34 per cent higher than others.

It may be stated that handicapped employees constitute less than 1 per cent of the total workforce across all corporate entities. The Disability Act 1995, which mandates that every organisation should reserve atleast 3 per cent of its employees to disabled has not made much of a difference.

Demographic diversity: Today's organisations are filled up with people of different age groups. Elderly people are found rubbing shoulders with fresh graduates. This is so because of the hiring strategy being practised now. Retirees are rehired while fresh graduates are being newly hired. Multi-generations found in organisations now comprise baby boomers, Gen Xers, Gen Yers and Gen Zers.

The millennials are so hard-working that they desire to become work martyrs. Some of these "vacation shame" others. The youth are educated, skilled, ambitious and innovative. With such a mixed employees on board, organisations become vibrant, competitive and game changers. But the youth are job-hoppers and are known for organisational rootlessness. OB managers need to devise new initiatives to attract and retain the millennials.



Dress Diversity: Among all forms of diversity, attire diversity is most visible. Dress code depends on the industry sector. First, the manufacturing sector. Employees of manufacturing organisations in the public sector wear common uniform. From janitors to general managers, attire is the same. Private sector industrial workers come under dress code at shop floor. In other words, shop floor employees wear common dress. Employee in the IT sector need to wear formal dress from Mondays to Thursdays. It is smart casuals on Fridays. In call centres, employees are allowed greater freedom. They are allowed to wear casuals on all the workdays. Sales reps need to wear formal dress while interacting with clients at the urban side. It is casuals when interacting with villagers. Formal dress makes it difficult to connect with villagers.

FEMINISING WORKFORCE

Feminising workforce is one of the ways of achieving diversity. Organisations are becoming highly feminised and it is a good sign. Some statistics are worth recollecting here. Women employees in the organised sector numbered 5.31 million in 2007, up from 4.92 million in 2000. Not only India, emerging world is also becoming the world of businesswomen. Seven of the 14 women identified in Forbes magazine's list of self-made billionaires are Chinese. In China, 32 per cent of the senior managers are female, compared with 32 per cent in America and 19 per cent in the UK. In India, 11 per cent of CEO's of large companies are female, compared with three per cent of Fortune 500 bosses in America. In Brazil, 11 per cent of the CEOs and 30 per cent of senior executives are women.

Young, middle class women are overtaking their male peers when it comes to education. In the UAE 65 per cent of university graduates are female. In Brazil and China the figures are 60 per cent and 47 per cent respectively. In Russia, 57 per cent of the college-age women are enrolled in tertiary education and men constitute only 43 per cent. B-Schools are feminising fast. Some 33 per cent of students at the China Europe International Business School (CEIBS) in Shanghai and 26 per cent at the Indian School of Business are female.

Since 1970, the proportion of women of working age who have paid jobs across the rich world has risen from 48 per cent to 64 per cent. The labourforce participation rate in different countries is shown in Fig. 3.3.

Though statistics stated above sound positive, in India, the scene is not that encouraging. In India's 500 largest companies, 50 per cent of women give up their jobs before they turn 30 and 18 per cent of them drop out of work every year. Only 18 per cent of women are in middle management, 2.7 per cent rise to be directors and only 1.8 per cent of women are CEOs.

Not so encouraging status of women in India notwithstanding, the trend everywhere is the rising power of women. Why this heightened visibility of women in workforce? First is the politics that has played its role. Feminist organisations across the globe have highlighted domestic slavery, exploitation and discrimination. Activated thus, governments have passed equal rights Acts. Female politicians such as Indira Gandhi, Margaret Thatcher, and Mrs. Clinton have taught bravery to the young women and woke them up to fight the suppression. Indira Nooyi and Dong Mingzhu, the author of one of the best selling business books in China, are real role models.

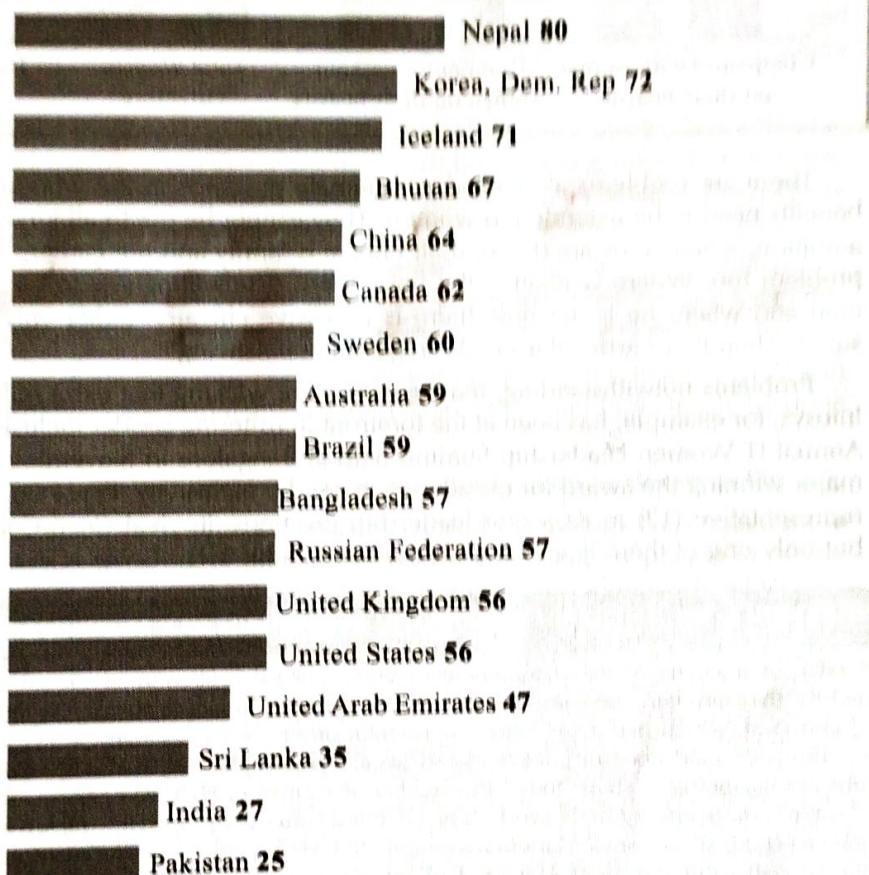
Second, the nature of labour market now is different form what it was decades back. In the past what was required was the brain power where men eminently suited. Organisations now require more of brain power. Obviously, both the sexes are equally matched, men having lost their inherent advantage.

Third, relentless rise of the service sector (where women are as competent as men) and the relatively declining manufacturing sector is the cause for increasing feminisation of workforce. Fourth, technology has played its role in the high visibility of women in organisations. Improved

technology reduced the amount of time needed for the traditional female work of cleaning and cooking. More dramatic innovation is the contraceptive pill. The spread of the pill has enabled women to postpone child births. Not to be overlooked is the revolution in telecommunication that enables people operate from homes which have become surrogate offices.

Finally, certain social factors have contributed to the growing presence of women in organisations. For growing number of single mothers, jobs have become a necessity. A growing proportion of married women have found that they can supplement their husband's incomes so that their living standards can be improved.

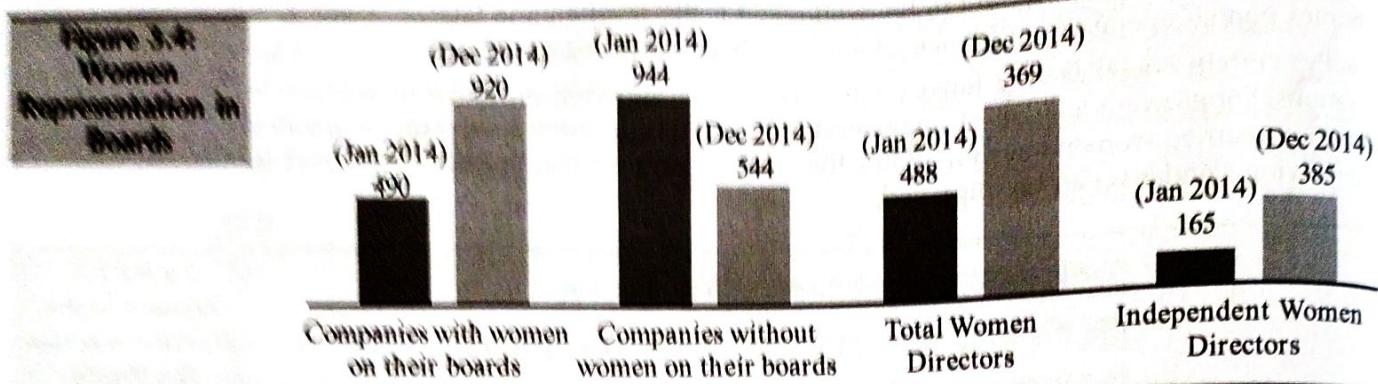
Figure 3.31
Women in the Workforce across the World



(Source: *The Hindu*, March 08, 2015)

What are the implications of feminising workforce? There are advantages and problems too. Talking about the advantages, organisations benefit in four ways by having more women in the total workforce. First, women tend to have better relational skills. They can strike rapport easily and early with clients, particularly with overseas buyers. In fact, foreign clients seek to meet them and remember their names easily. Second, organisations in general face shortage of talent. Women fill the gaps ably. Third, women managers act as role models for other women. Fourth, a number of studies have shown that the presence of women in senior jobs is positively correlated with a company's performance and higher profits. McKinsey looked recently at 89 listed companies in Europe with a very high proportion of women in senior management positions and compared their financial performance with the average for firms in the same industry. It found that these firms enjoyed a higher return on equity, better operating profit and a more buoyant share price.

But Indian corporate seems to have not realised correlation between female presence in boards and corporate performance as Fig. 3.4 shows.



There are problems associated with female presence in the workforce. Extra facilities and benefits need to be extended to women. They cannot be put to all kinds of work. Women lack ambition, when chips are down, their choice is family and not career. There is a psychological problem too. Where woman is the boss, there is unwillingness to cooperate on the part of a man and where he is the boss there is excessive chivalry. Either way, performance tends to suffer. Then there arises the need for work-life balancing.

Problems notwithstanding, managements are walking that extra mile to hire more women. Infosys, for example, has been at the forefront in ushering gender inclusivity. The NASSCOM Annual IT Women Leadership Summit held at Bangalore in November 2008, witnessed the IT major winning the award for excellence in gender inclusivity. Pepsi Co. has the highest women representative (12) in its senior leadership positions. Its rival Coco-Cola has 18 top positions, but only one of them is a woman. (Also see Exhibit 3.1)

EXHIBIT 3.1: INDIAN COMPANIES BECOMING COSMOPOLITAN

Take the case of HUL. A majority of its customers are women but till 2000 women constituted just 5 per cent of its management. Alarmed by that number, the company put in place a plan to aggressively hire more women. It looked at companies like ICICI and IBM, which had a far better representation of women in their workforce. HUL started several initiatives like a six-month fully paid maternity leave as well as a 5-year sabbatical. It also grants maternity leave in cases of adoption. The results are beginning to show: today the number of women in HUL has gone up to 16 per cent. Says Leena Nath, GM, HR, HUL "There is more vitality in the workplace. HUL is a softer place, with less hierarchy". At IBM many women now have full time jobs working from home. Male managers at IBM are sensitised not to schedule meetings after 6.30 pm. IBM India now has 26 per cent women in its workforce. DuPont makes sure that for every job opening there is at least one-woman candidate in the shortlist.

At Wipro, managing diversity means accommodating people of different backgrounds and work experiences. Wipro has 1,300 people of nationalities as diverse as Portugal, Austria, Sweden, and Finland in its workforce.

DISRUPTIVE TECHNOLOGY

Technological advancements are mind boggling. "Famines, earthquakes and beheadings make gripping headlines — 40 million planes landed safely last year—does not" (laments *The Economist*, dated Sept 3, 2016). Though presented in a different context, the above sentence highlights the rapid advancements in technology witnessed these days. More than technological advancements, people now talk about disruptive technology.

Disruptive technology refers to the displacement of an established technology and industry along with it. It may also mean an invention of ground breaking product that creates a totally new industry. Over time, many disruptions did take place. A few of them are the following:

- Replacement of typewriters by personal computers.
- Emails displaced letter-writing and disrupted postal and greeting card industries.
- Cell phones disrupted land line telecom industry.
- Social networking displaced telephone and emails.
- Outsourcing disrupted body shopping which in itself may be replaced by digital technology.

Among the ground breaking products are the internet, search engines and shale gas.

With the launch of a new organisation namely, *The Partnership of Artificial Intelligence to Benefit People and Society*, by five technology giants—Amazon, Facebook, Google, IBM and Microsoft, new thrust will be added to Artificial Intelligence (AI). Many more ground breaking products will come out in the days to come.

The way people functions are carried have been highly impacted by the technological changes. Rapid increase of mobile devices for personal use has a strong impact on the way organisations are designing and managing work. Many jobs are getting automated. Productivity rises, costs come down, quality improves and the society gains considerably.

Artificial Intelligence (AI) has made extraordinary progress in the past few years, thanks to a versatile technique called “deep learning”. Given enough data, large (or “deep”) neural networks, modeled on the brain’s architecture, can be trained to perform all types of tasks.

The rapid stride in AI has led to concerns about safety and job losses. It is feared that AI will cause widespread unemployment, by automating cognitive tasks that could previously be done only by humans.

In the days to come, machines will take over many more professions as shown in Fig. 3.5.

Such fear may not be a concern. History has proved that new technology has created more jobs than it destroyed, as the automation of one chore increased demand for people to do the related tasks that were still beyond machines. Replacing some bank tellers with ATMs, for example, made it cheaper to open new branches creating many more new jobs in sales and customer service. Indirectly, ATM machines manufacturing and software is also creating new job opportunities.

Similarly, e-commerce has increased overall employment in retailing, AI may not displace workers as much as it demands new skills and capabilities in people.

AI demands that education and training become more flexible to teach new skills quickly and efficiently. It will require a greater emphasis on lifelong learning, on-the-job training, wider use of online learning and video-game-style simulation. AI may itself help, by personalising computer-based learning and by identifying skill gaps and opportunities for retraining.

Social and character skills will matter more. When jobs are perishable, technologies come and go and people’s working lives remain longer. Social skills are a foundation in any activity. They can give humans an edge, helping them to do work that calls for empathy and human interaction – traits that are beyond capabilities of machines.



CAREER MANAGEMENT^{L03}

The terms career, career planning, career development and career management need clarification. Career is progress or general course of action of a person in some profession or in an organisation. Elaborating further, career includes the specific jobs that a person performs, the kinds of responsibilities and activities that comprise those jobs, movements and transitions between jobs, and an individual’s overall assessment of and feelings of satisfaction.

Figure 3.5:
Catalogue of Fears

| Job | Probability |
|-----------------------------|-------------|
| Recreational Therapists | 0.003 |
| Dentists | 0.004 |
| Athletic trainers | 0.007 |
| Clergy | 0.008 |
| Chemical engineers | 0.02 |
| Editors | 0.06 |
| Firefighters | 0.17 |
| Actors | 0.37 |
| Health technologists | 0.40 |
| Economists | 0.43 |
| Commercial pilots | 0.55 |
| Machinists | 0.65 |
| Word processors and typists | 0.81 |
| Real-estate sales agents | 0.86 |
| Technical writers | 0.89 |
| Retail salespeople | 0.92 |
| Accountants and auditors | 0.94 |
| Telemarketers | 0.99 |

Probability of computerisation of different occupations, 2013

(1 = certain)

(Source: *The Economist*, June 25th-July 1st, 2016)

A typical career progresses through five stages:

- (i) Entry to the organisation when the individual can begin the process of self-directed career planning.
- (ii) Progress within particular areas of work.
- (iii) Mid-career when people still hope to secure higher positions, while others have already got;
- (iv) Later careers when people have settled in respective areas and are planning post-retirement life;
- (v) End of career in organisations; rehired, if physically fit and well or lead retired life dedicated to social and religious life.

The meaning of a career given above refers to its conventional approach. The traditional approach focuses on paid work. It also embodies the notion of a 'job for life' or the idea that careers are longitudinal phenomena that take place within single or limited number of organisations. Obviously, the focus is on careers taking place within a bureaucratic context and on continuous vertical adjacent through the organisational hierarchy. In this sense, careers tend to be structured around well-trodden paths or ladders which link a sequence of jobs resulting in the achievement of certain predetermined objectives.

But the contemporary notion of a career is different from the conventional perspective. Career is now understood as the subjective sense where one is going in one's work life. In other words, his/her movements are unpredictable, discontinuous and subjective. Table 3.1 brings out the comparison between the 'old' career and the 'new' career more clearly.

It does not imply that the old careers are dead. Employees of today expect orderly career movements, and prefer to stay with the same organisations for at least five years. They believe that rolling stones do not gather anything. An individual prefers to lead a predictable and orderly life. (Further discussion here focuses on conventional careers.)

Career Planning is a process whereby an individual sets career goals and identifies the means to achieve them. Where the organisation intervenes in planning, it becomes **organisational career planning**. In other words, organisational career planning is the planned succession jobs worked out by a firm to develop its employees.

Another related term is **career development**. Career development refers to a formal approach used by the firm to ensure that people with proper qualifications and experiences are available when needed.

Career Management is the process of enabling employees to better understand and develop their skills and interests and use them for the benefit of the organisation and self. Specially, career management activities include offering career development initiatives, providing realistic career-oriented appraisals and posting open jobs. (We use both management and development as synonymous.)

**TABLE 3.1:
THE 'OLD' AND 'NEW' CAREERS COMPARED**

| 'Old' Career | 'New' Career |
|-------------------------------|------------------------------------|
| ● Structured | ● Unstructured |
| ● Objective | ● Subjective |
| ● Continuity | ● Discontinuity |
| ● Coherence | ● Irregularity |
| ● Status, power and authority | ● Psychological success |
| ● Linear | ● Cyclical |
| ● Secured | ● Employability |
| ● Bureaucracy | ● Network |
| ● Organisationally-bounded | ● Boundaryless |
| ● Work focused | ● Holistic |
| ● Jobs | ● Skills, assignments and projects |
| ● Predictability | ● Unpredictability |
| ● Long-term | ● Short-term |
| ● Future orientation | ● Present orientation |

Every organisation needs to have career management programme and integrate the function with other people-related activities. Integrating career management with other programmes creates synergies in which all aspects of OB reinforce one another. Integration should not be difficult. For example, in planning careers, employees need organisational information – information that strategic planning, forecasting, succession planning and skill inventories can provide. Similarly, as they obtain information about themselves and use it in career planning, employees need to know how far they can climb in the ladder of hierarchy within the organisation and how management views their performance.

Roles in Career Management

There are four stakeholders in career management: organisation, manager, employee and OB professional.

Organisation: Organisation is expected to play a critical role in employees' career development. It is constantly required to reinvent and is forced to manipulate priorities that change regularly. The result is a leaner organisation with fewer resources, fast-paced work, expanded spans of control, and a new norm at work that demands flexibility and ability to thrive when ambiguity and change are the order of the day. To remain competitive in business and attract top talent, an organisation must provide the systems and structures that support the career development needs at all levels. Framing responses to the question below will be an important step to addressing the development of systems and structures that support career management needs.

- How can leaders and managers who work in an organisation guarantee that the business strategy will work, the day-to-day tasks are updated and redesigned, and the workforce still remains engaged?
- How do we respond to the constant changes in business today?
- What does a career look like in the organisation today?
- Do the existing systems and processes support career development and succession planning for the next generation?
- How to measure results and does career development process support those results?
- How to establish a foundation for employees to grow in areas that matter across the life continuum of the organisation and the employee?



Specifically, the organisation should develop and publish a formal "Career Ladder" or "Career Path" (See Table 3.2). Such a ladder provides valuable information regarding the possible directions and career opportunities available in the organisation. It presents the steps in a possible career and a feasible time-frame for climbing the ladder. The path should also specify the qualification needed for succession at each stage and the minimum number of years one should serve on a position before aspiring for the next.

In addition, the organisation should wake up, encourage, facilitate and reward an employee in his or her career advancement. We use the words "Wake up" deliberately. For the reason that the tendency among most employees is to slog on given jobs. Such employees need to be enlightened about the challenges and benefits that will bestow on them if they climb up.

Manager: If the organisation provides the systems and tools for career development, the development-minded manager provides the support and guidance. Manager must understand that building talent for tomorrow requires commitment to career development today and at every level. Development-minded manager creates and implements development assignments, encourages risk-taking, sets goals, and taps unused resources. He or she provides a professional safety net so that employees can experiment and learn on the job. He or she continuously asks self some key questions as follows:

- How do I serve a career advocate for my employees?
- How often do I talk with my employees about their career goals and what matter most to them?
- Do I provide candid and frequent feedback to my employees about what they need to do to grow in their careers?
- Do I link employees to the resources and information they need in support of their careers?
- Do I take career growth plans seriously? What amount of time do I devote to planning?

TABLE 3.2:
TYPICAL CAREER PATHS

| Software Engineering | | | |
|--------------------------------|-------------|---------------------------------|----------------------------|
| Title Code | Role | Designation | Tenure (Indicative) |
| E5 | Manager | Sr. Project Manager | 12 + years |
| E4 | Manager | Project Manager | 10 + years |
| E3 | Head | Team Head/Project Head | 6-10 years |
| E2 | I/C | Sr. Software Engineer | 2-8 years |
| E1 | I/C | Software Engineer | 0-4 years |
| Database Administration | | | |
| DB-5 | Manager | Chief Database Administrator | 10-20 years |
| DB-4 | Head | Sr. Head Database Administrator | 8-12 years |
| DB-3 | I/C Head | Head Database Administrator | 4-10 years |
| DB-2 | I/C | Sr. Database Administrator | 2-6 years |
| DB-1 | I/C | Database Administrator | 0-3 years |
| Network Technicians | | | |
| N-6 | I/C | Head Network Technician II | 6-10 years |
| N-5 | I/C | Head Network Technician I | 5-6 years |
| N-4 | I/C | Sr. Network Technician | 3-5 years |
| N-3 | I/C | Network Technician III | 2-4 years |
| N-2 | I/C | Network Technician II | 1-3 years |
| N-1 | I/C | Network Technician I | 0-2 years |

- Do I provide information to employees about the future of the organisation and look for opportunities for employees?
- Do I stay current and future focused on the above concerns for me and my career as well as the careers of my direct reports?
- What am I reading and discussing with colleagues to ensure the above?



OB Specialist: Role of OB manager is felt more in career advancements programmes than in other activities. OB specialist must align with the vision of the organisation by serving as strategic partner who can integrate business-driven solutions around a robust career development programme. This means the specialist must take stock of his or her existing career development processes to integrate new thinking, ignite new strategies and behaviours, and infuses into the culture of the organisation. The specialists must examine key questions about policies, systems and structures that are designed to support career development in the organisations. The list of questions that follows represents the challenges before OB manager to consider and implement.

Here, are our policies, systems and structures:

- Aligned with development choices?
- Focused on future directions?
- Driving new positive behaviours?
- Creating partnerships that energise and engage while fulfilling valued services/products?
- Investing in broad talents and determining where those talents can best be utilised internally?
- Growing a new breed of workers who are fulfilled both personally and professionally?

- Ensuring respect and inclusivity across the workplace?
- Providing opportunities for employees at all levels to learn, grow, and develop within the organisation?

SUCCESSFUL MANAGER

- No other functional manager faces as many challenges as OB leader does. Each challenge is an opportunity towards greatness.
- Facing daunting challenges necessitate that the OB practitioner should acquire enabling traits as –
 - Open mindedness
 - Networking ability
 - Team building and leading
 - Culture adaptability
 - Physical strength and stress resistance
 - Interpersonal competence
 - Creative
 - Love for people
 - Visioneering
- Every employee is ambitious and wants to climb up the hierarchy. Appreciate this fundamental trait. Create opportunities for one and all.

Employee: Employees cannot remain passive spectators in their own development. All the exercise that takes place in the name of career development is for employees and they should naturally take active interest. To be effective, employees must begin to manage their careers by knowing themselves, knowing what is out there, knowing what others think of them and knowing whom to ask for help. It is up to each individual to identify his/her own knowledge, skills, abilities, interests and values and seek out information about career options. Specifically, individual employee responsibility shall be on the following lines:

- Seek out information about career options.
- Make use of development opportunities.
- Establish goals and career plans.
- Accept that career planning and development are one's own responsibility.
- Assessing own knowledge, skills and abilities and describe current values, skills and interests. Ensure these are used regularly on the job.
- Understand the trends visible in the growth cycle of the organisation. Any change occurring may throw open several opportunities for one's own advancement.

Career Development Initiatives

Organisations device and implement several initiatives in order to develop their employees' careers. More significant of them are career planning workshops, career counselling, mentoring, sabbaticals, personal development plans and career workbooks.

Career Planning Workshops: Structured workshops are available to guide employees individually through systematic self-assessment of values, interests, abilities, goals and personal development plans. During workshops, employees are made to define and match their specific career objectives with the needs of the company. Generally, these workshops are designed to

guide individuals to figure out their strengths and weaknesses, job and career opportunities and necessary steps for reaching their goals. Suggested steps help organisations initiate appropriate action plans.

Career Counselling: Career counselling helps employees discuss their career goals in one-to-one counselling sessions. Along with goals, other variables identified are capabilities, interests and current job activities and performance. While some firms make counselling a part of the periodic performance appraisal, career counselling is usually voluntary. Career counselling may be provided by OB managers, supervisors or consultants.

Mentoring: Mentoring occurs when a more experienced person (the mentor) guides a less experienced person (the mentee) in acquiring competencies for professional development. Mentorship is interactive and collaborative, with both the mentor and the mentee providing topics for learning. The mentee acquires expertise, applies it on the job, and reports the experience to the mentor. Mentorships vary in terms of their span. Some focus on a specific job and some are ongoing covering the mentee's career. Mentoring offers the following benefits:

- Transfer of knowledge from the mentor to the mentee.
- Relationship building, networking and the creation of social capital.
- Transmission and sustenance of organisational culture.
- Development of new mental models, as the interactions between the two produce new insights about how to better frame various situations.
- Psychological support for both the mentor and the mentee.

Mentoring can be organised formally or can take place informally too. In the former, names of mentor and mentee, time schedules and frequency are stipulated and are expected to be complied with. At times, formal mentoring can be purpose-specific. Formal mentoring programmes exist in many organisations. These pair a young manager or a new employee with a senior manager and set up interactions between the two, based on specific goals. These goals can be to introduce new employees to the ways of the organisation, to improve their performance, address their deficiencies, or to share knowledge. While many of the formal mentoring programmes have been successful, it is really the informal connections that stand out. Formal programmes tend to fail because schedules are either put off, meetings are postponed, or clear communication does not exist.



Informal mentoring springs from personal touch and lasts even after the mentor and the mentee exit. It is a lifelong phenomenon. Though informal mentoring works much better, formal programmes do exist in organisations. Formal programmes help create a culture where informal mentoring takes place more easily. They also create accountability for success.

Mentoring exercises in HUL is worth recollecting in this context. Mentoring is the true differentiator in HUL's training programme. In the 50 weeks of training, more than half the programmes are run by HUL's own leaders, who share their experiences with juniors. At any point of time, 300 to 500 managers are being mentored over and above their immediate bosses in mentoring programme. While the immediate boss is the mentor, every new hire, new promotee, or high potential candidate has an additional mentor. There is reverse mentoring too (see Closing Case 1). Seniors executive are mentored by youngsters. While the best mentors are lauded, those who lag are taken off the mentoring programme for a year.

Sabbaticals: These are temporary leaves of absence, usually at a reduced amount of pay. Periodic leaves or sabbaticals help employees in terms of refreshing their learning and rejuvenating their energies.

Secondments: A secondment involves an employee usually a manager, spending a period of time working in a different organisation (e.g., supplier or customer). The period needs to be

at least one year, a shorter time duration does not help the secondee learn much about his/her job in a different organisation. The role of the OB manager is to ensure that the secondees are properly prepared for the secondment and debriefed at the end; that the secondment is monitored effectively and evaluated at the end. He/she can also act as a facilitator should any problems arise during the secondment.

Personal Development Plans (PDPs): In these, employees write their own personal development plans. Such development plans include development needs and action plans to achieve them. A PDP could be the nucleus of a wider career plan such as setting out alternative long-term strategies, identifying one's long-term needs and setting out a plan of self-development.

Career Workbooks: These consist of questions and exercises designed to guide individuals to figure out their strengths and weaknesses, job and career opportunities, and necessary steps for reaching their goals. Many workbooks are tailor-made for a particular firm and can be completed in several sessions. Workbooks generally contain organisation's career policy, career options available in the organisation, organisational structure, and job satisfactions along the career ladders.

Table 3.3 contains a few more career development activities.

**TABLE 3.3:
CAREER DEVELOPMENT INITIATIVES**

- Performance appraisal for career planning
- Lateral moves/job rotations
- Pre-retirement programmes
- Succession planning
- Clear career paths
- Dual ladder career paths
- Career booklets/pamphlets
- Assessment centres
- Management development programmes
- Orientation programmes
- Diversity management
- Expatriation, inpatriation and repatriation
- Formal education as part of career development
- Retirement preparation programmes
- Peer appraisal
- Upward (subordinate) appraisal

Challenges of Career Development

Managers need to be aware of the challenges lying in the way of managing careers of their employees.

First, laissez-faire attitude of the management is one challenge. Management feels that its job is to identify talents and talented individuals rise in their careers on their own. By assuming that the cream will climb up to the top, the organisation can waste the latent potential in the employees by failing to nurture and develop it.

The second challenge is the assumption that job rotation or an overseas assignment is itself a developmental experience. No effort is made to provide either the framework to orient the person to what exactly he/she is supposed to learn from the assignment or debriefing to ensure that the desired development has taken place.

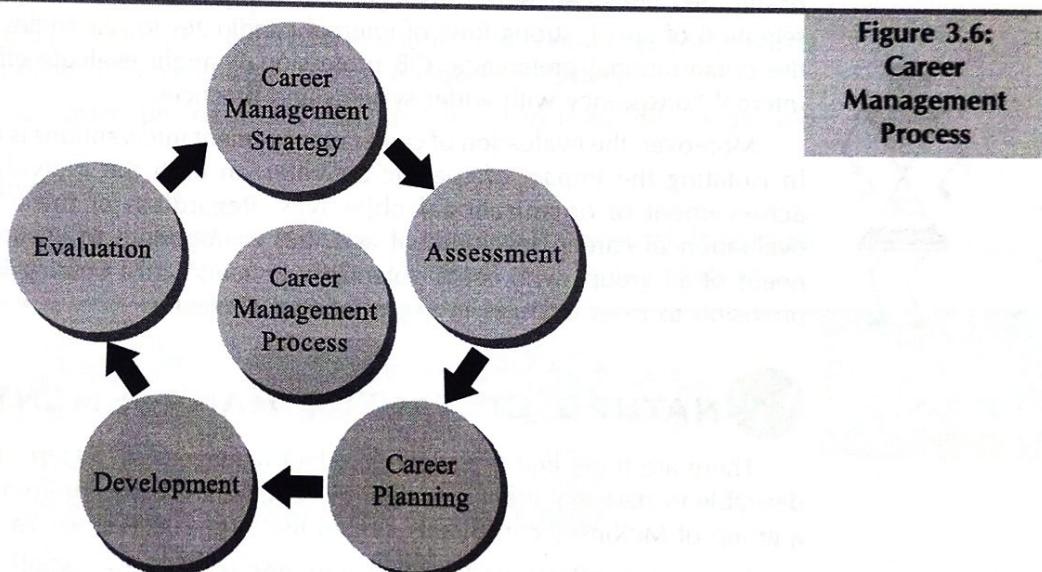
The third challenge is making promotions or lateral moves that stretch the person to the point of breaking, without proper support and a safety net; and blaming the individual for failing to adapt quickly enough.

The fourth problem relates to moving the high potential individual from one role to another too quickly, eliminating the opportunity to learn from experience and mistakes.

Finally some individuals are too ambitious, impatient and greedy. They refuse to understand that rising to the top is an arduous and time consuming process. A management trainee today, assistant manager tomorrow, manager the next day, vice-president the fifth day and CEO subsequently is possible only in movies and not in real life. Problem is that they have talents and this makes them become rolling stones.

Career Management Process

Career management process can be sequenced in five stages: Strategy, assessment, planning, development and evaluation of initiatives (See Fig. 3.6).



Career Management Strategy First step in the career management process is the career strategy. A well crafted strategy should cover the following:

- Choice about the model of career development: Supported self-development, corporate career management or career partnership
- Policy of promoting from within or lateral entry from outside
- Clear paths enabling talented people to climb up the ladder
- Have systems and processes to achieve sharing and development of knowledge
- Choice between one-size-fits-all career development initiatives or flexible approaches
- Choice between career progression based on loyalty and relative security and 'new deal' employment based on short-term commitment and development of employability.

Assessment Assessment is the second stage in the career management process. This stage includes activities ranging from self assessment and the one made by the organisation. Either way, the purpose of assessment is to identify employees' strengths and weaknesses. Assessment, also called talent audit, helps an individual choose a career that fits his or her skills and capabilities. Besides, talent audit points out one's weaknesses which need to be consciously overcome.

Planning This phase involves determining the type of careers the employees want, identify career paths they need to choose and steps they should take to realise their career goals. It uses all the information provided by the organisation's assessment of requirements, the assessment of performance and potential and succession plans, and translates it into the form of individual career development programmes.

Development Development phase in the career management involves taking actions to create and increase skills to prepare for future job assignments. The most common development programmes include career counselling, mentoring, coaching, job rotation and educational assistance.

Evaluation Assessment of the effectiveness of development initiatives is necessary, but is fraught with difficulties. Difficulty arises because of varied success perceptions held by stakeholders. For example, the individual employee might measure career success according to a subjective assessment of his or her achievements based on relative reward, hierarchical position or afforded life style. Senior managers are likely to draw on a range of indicators such as the retention of talent, strong flow of internal candidates for vacancies or the perceived impact on the organisational preference. OB professionals might evaluate effectiveness according to the internal consistency with wider systems and practices.



Moreover, the evaluation of career management interventions is difficult because of problems in isolating the impact of specific activities on both the individual progression and on the achievement of organisational objectives. Regardless of these problems, monitoring and evaluation of career development activities is important to ensure that they are meeting the needs of all groups who could potentially benefit, whilst bearing in mind the need to develop provision to meet changes in organisational context.

NATURE OF TALENT MANAGEMENT^{L04}

There are three interpretations of talent management. Before discussing the explicitities it is desirable to state that the topic talent management came to prominence in the late 1990s when a group of McKinsey consultants coined the term *The War for Talent*.

First interpretation of talent management relates to all activities that help build competitiveness of an organisation. From this perspective, talent management is understood to refer to the process of attracting, selecting, training, developing, and promoting employees in an organisation. This "all things to all people" approach serves no purpose. The second interpretation runs thus: Talent management is the process of attracting, developing and retaining the best people. This interpretation is elitist referring mainly to the creamy layer in the organisation, ignoring the developmental needs of people in general. Success of an organisation does not hinge only on high fliers. Success is a shared phenomenon.

The third interpretation is a broader approach and includes efforts to create a 'pipeline' or pool of talented people and ensuring that workforce development is inclusive, accessible and focussed on developing organisational capabilities. Talent management seeks to align people with roles (treating roles as fixed and developing people to fit these jobs) or aligning roles with people (creating and adapting roles to satisfy the aspirations of people). This interpretation is meaningful.

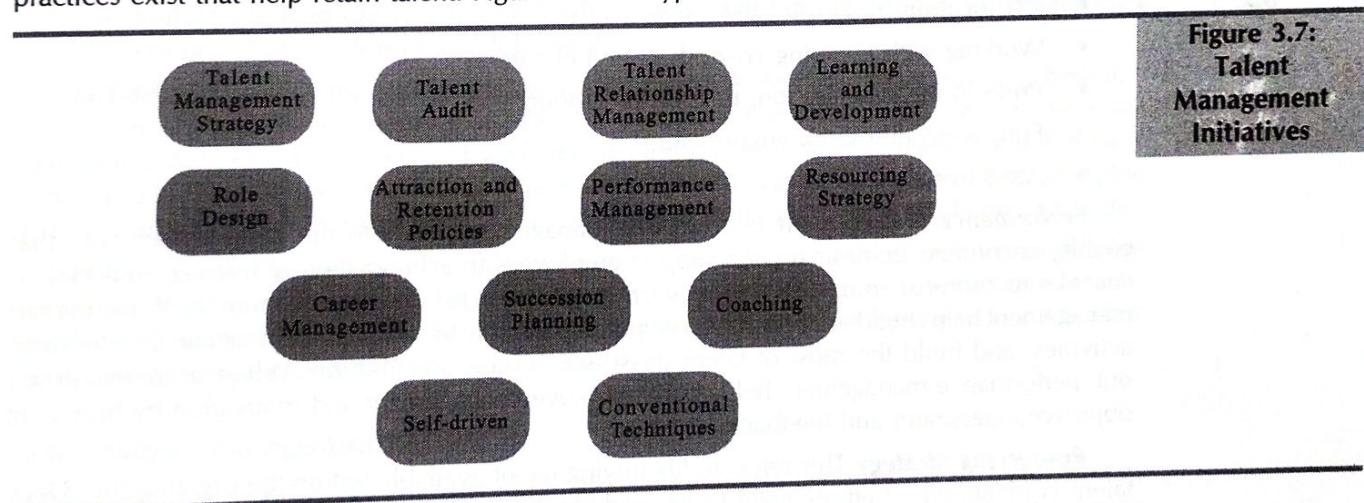
Imperatives for Talent Management

Talent management requires data collection on current internal labour supply, tracking individual performance and progress and providing opportunities for development. More specifically, talent management requires:

- Creating a winning employee value proposition that will make the company attractive to talent.
- Moving beyond recruiting type to build a long-term recruiting strategy.
- Using job experience, coaching and mentoring to cultivate the potential in managers.
- Strengthening the talent pool by investing in A players, developing B players and acting decisively on C players.
- Developing a pervasive mindset — a deep conviction shared by all in the organisation that competitive advantage comes from having better talent at all levels.
- Talent requires individual ability and teamwork. Hiring talented individuals alone without teamwork may produce personal records but not organisational long-term successes. Talent without teamwork is insufficient.
- Technology facilitates talent management processes and connections among people. Technology changes the way talent work is organised and delivered through information sharing, improving processes, redefinition of work, and social networks.
- Talent activities and their outcomes need to be measured. Outcomes of talent activities can be traced to individual capabilities and organisational competencies.
- Talent will obsolesce faster, posing a challenge and threat to both individuals and organisations.

Talent Management Initiatives

Quite a few talent management initiatives are in place. As many as 100 research based best practices exist that help retain talent. Figure 3.7 is a typical illustration of some initiatives.



Talent Management Strategy As part of business strategy, talent management strategy is a pre-requisite. It involves estimation of the number and type of talent required for a coming period. This sets the tone for attraction and retention policies and practices.

Talent Audit Talent audit serves three purposes; identify talent potential which can be earmarked for career planning and development. Such people can be groomed to assume bigger responsibilities as days go by. Second, talent audit also helps identify those likely to exit. Steps can then be taken to prevent the exit. Third, talent audit points out laggards who can either be trained and if it fails may be axed.

Learning and Development Learning and development, also called training and development, is probably the most effective way of talent building. There are several youngsters, freshers from universities, who have the zeal and the potential but are not talented due to lack of guidance and facilities. They can be developed through learning.

Role Design Role design should ensure that a role carries enough challenges, autonomy and responsibilities required to create role engagement and commitment. In addition, the role holders need to have opportunities and encouragement to learn and develop in their respective roles. Talent management policies focus on role flexibility-giving employees the chance to develop their roles by making better and extended use of their talents.

Talent Relationship Management This refers to creating a great place to work where people are encouraged to perform, are recognised and are rewarded. They have a voice in decision-making and each role carries opportunities for advancement. Talent management seeks to make people committed to their work and the organisation. Relationship management is the new expression for human relations approach propounded by Elton Mayo, decades back.

Attraction and Retention Policies Attraction policies refer to external sourcing of talent. Company image, its growth potential, compensation and advancement opportunities attract people and tempt them to apply for jobs in the organisation.

More difficult is retention of talent. Why employees choose to stay with company is a question, the answer for which lies in the following factors:

- Exciting, challenging and meaningful work
- Supportive manager, inspiring boss
- Being recognised, valued, and respected
- Career growth, learning and development
- Flexible work environment
- Fair pay
- Job location
- Working with inspiring co-workers and clients
- Pride in the organisation, mission or product
- Fun, enjoyable work environment
- Attractive benefits

Performance Management Performance management refers to the range of activities that enable, encourage, co-ordinate and support employees to achieve their objectives. In addition, it seeks to monitor, measure and reward employees for their performance. Performance management helps build relationships with people, identify talent, plan learning and development activities, and build the most of talent possessed by the organisation. When properly carried out, performance management helps build employee engagement and motivation by providing objective assessment and feedback.

Resourcing Strategy This refers to identifying talent available within the organisation. Once talent is identified all efforts need to be made to retain it. Talent is a rare quality which only lucky individuals possess and progressive organisations nurture it. OB managers should conduct talent risk analysis, identifying probable exits of talent. Such individuals need to be nurtured, engaged and motivated to stay with the organisation.

Career Management This is an important tool for talent management, so important that career management is treated as another name for talent management. (More details on career management were provided in the previous section).



Succession Planning Succession planning refers to formulating contingency plans for the loss of employees holding key positions in the company. Typically characteristic of large organisations, succession or replacement planning focuses on providing long-term development plans for individuals identified as possible successors for senior managerial positions. This requires the identification of high potential individuals early in their careers and providing opportunities and encouragement that prepare them for specific 'once in a generation' appointments.

Critical in succession planning is the identification of a successor. Identification is arduous, and time consuming as has happened in Tata Group. After more than a year of searching, Cyrus Mistry was chosen as successor to Ratan Tata. But the search became ineffective—Mistry was made to exit from the Tata Group on non-performance basis.

Succession planning becomes necessary when top posts fall vacant. Vacancies at the top arise because of unnatural deaths of CEOs, performance-driven departures or early exits when top executives jump at greener pastures. When vacancies arise planning in advance for key positions becomes critical.

At the surface, succession planning looks routine: Identify somebody and appoint him or her to the vacant spot. But to make it really meaningful, succession planning should be combined with talent review. Talent review means regular cycle of evaluating a company's leaders consistently and systematically. Talent review process serves two purposes: to understand the quality and depth of the leaders and to plan for succession by predicting who will succeed. Talent reviews should provide information necessary to make succession choice and guide how the company invests in potential successors. (Chapter 4 carries more details on succession planning).

Coaching Coaching provides three benefits to an organisation:

- Provides the opportunity for line managers to share wisdom and knowledge, and to create a culture that values the contribution of each and every employee.
- Managers who coach have the opportunity to inspire, excite and develop employees.
- Individuals who are coached and who coach have the opportunity to embark on a voyage of self-discovery and fulfilment.



Self-driven Probably the most effective talent initiative is the individual himself or herself. It was sheer grit and determination that Ekalavya became the greatest archer. It was the same inspiration that made Columbus and Vasco da Gama discover new continents. It was the same force which made Einstein and his ilk invent new things. It was the same spirit that prompted Henry Ford say: "Why is it that when I want only a pair of hands, I get a whole human body".

Others Certain traditional methods can also be included as part of talent management initiatives. They include suggestion schemes, quality circles, job enrichment, empowered teams, ESOPs, and representation on the board. One may disagree from these inclusions but it is a fact that these techniques are time tested and trusted.

Why Talent Management?

First, as stated above, talent needs to be attracted, nurtured and retained as it makes huge difference between success or failure of a firm. In the 21st century, success is based on the ability to innovate, be creative, connect across boundaries, and adapt to change. When 90 per cent of HPs and Medtronics revenues generate from products that did not exist a year ago, it is clear that one needs to innovate or perish.

Second, the contribution of talent to the success of a firm is clearly proved. Organisations that invest in effective talent management practices consistently outperform their industry rivals. So much is the significance attached to managing talent that organisations spend vast sums on

developing it. In 2008, companies in the US spent over \$130 bn in training to raise the level of talent and improve performance.

Third, external factors have pushed firms to undertake talent practices. In publicly traded companies, a key driver is the rise of intangible value of an organisation. In the 1980s, most of the valuation of a company was determined by its tangible assets – equipment, building, facilities and resources. Now, these tangible assets account for less than 40 per cent of a firm's worth. Instead it is the intangible assets of brand, goodwill, talent and ability to innovate that can contribute upto 85 per cent of the market values of these companies.

Fourth, a different set of stakeholders are interested in talent management; the financial community, investors, analysts, and the media. Since talent and intangible assets are now so vital, these stakeholders are interested in knowing which companies are better managing talent.

Fifth, talent management helps attract and retain talent. Freshers from educational institutions look for organisations that are known for nurturing talent. They join such firms and stay put with them.

Finally, talent management is good business too. Organisations specialise in talent management practices and render their expertise to those in need. Taleo, a US based company, is specialist in the talent management field with just 900 employees. Taleo is managing talent for as many as 46 of the *Fortune 500* and over 400 other organisations.

It was Winston Churchill who probably predicted the importance of talent management when he said "The empires of the future, will be empires of the mind". This is decades old statement. In 1997, it was McKinsey who coined the phrase – "The War for Talent". Since then, talent management has gained relevance and significance.



CHANGING DEMOGRAPHICS OF WORKFORCE^{LO5}

The major challenge from changing demographics of workforce relates to dual career couples — couples, where both partners are actively pursuing professional careers. Organisations have been accustomed to using job makes and physical relocation as important means of developing talent. Men or women, moving up the ranks, need the experience of a variety of roles in different organisational units. Frequent physical relocation has therefore been required. The increasing number of dual-career professionals limits individual flexibility in accepting such assignments and may hinder organisational flexibility in acquiring and developing talent.

Another change in the workforce demographics relates to the growing number of employees who are young. Companies which were set up in 1940s and 1950s have employees who are now superannuating. People who join to fill the vacancies are obviously fresh graduates or diploma holders. Enterprises, which are newly established, obviously prefer young men and women. The effect is that the average age of workforce is around 25 years; employees who are young are fresh, ambitious, enthusiastic and emotive (See Exhibit 3.2). These people need to be handled with circumspection. An increasing number of working mothers and a steady decline in blue-collar workers making place for white-collar employees are other demographic changes which have their own implications for managers of personnel in organisations.



CHANGED EMPLOYEE EXPECTATIONS^{LO6}

With the changes in workforce demographics, employee expectations and attitudes have also changed. Traditional allurements such as job security, attractive remuneration, housing, and the like do not attract, retain or motivate today's workforce.

EXHIBIT 3.2: CHANGING DEMOGRAPHICS IN INDIA

Nowhere in the world is demographics changing as significantly as it is in India. The country has the largest number of young people today. India has 65 million children below 15 years of age, and as many as 400 million people below the age of 23. These young people will join the ranks of working people in the next few years, thus creating a huge surge of productive activities, incomes and savings. India is young can be an asset to the global economy because while India's population will be growing younger in the next couple of decades, the population of all the developed countries, including those of Russia and China, will be getting older. The richer countries will face a shortage of working age people while India will have surplus. India can bring in more than \$200 billion (₹ 8.8 lakh crore) of revenue every year from the richer countries and create 400 million additional jobs by providing a variety of services to the rest of the world.*

Employees today demand empowerment and expect quality of status with the management. Previous notions on managerial authority are giving way to employee influence and involvement along with mechanisms for upward communication.

Empowerment results in redefining jobs, both on the shop floor as well as in boardrooms. As workmen are given more control over their jobs, a whole class of supervisors may become redundant, not because they will do a bad job, but because there shall be no need for them. Empowerment also means that the worker can bring his or her children to the workplace, look around, and can even gain knowledge about work methods. This is a privilege enjoyed till now only by owners of enterprises whose children can access even vital documents. Expectations of equality are breaking up the traditional relationships between employees and owners. There is an emphasis on leading by example.

Also, today's worker demands better treatment, challenging assignments and career advancement. Look at the workers union of Otis, Hindustan Unilever, ICI, TOMCO, Blue Star, Webel Electro, and Central Bank. They rewrite their agenda to include quality and better customer service and are even accusing the managements of malpractices. Or take a look at the 4,70,000 human resources of Telecom Commission. Unions are demanding not so much for a pay rise as for intensive training programmes to upgrade their skills to meet changing technologies. Job security, monetary benefits, uniform, housing, canteen, buses, and other facilities alone may not, therefore, motivate the employees. The managers of people must redraw the profile of workers and discover new methods of hiring, training, retaining, remunerating, and motivating them.



GLOBALISATION^{L07}

Growing internationalisation of business has its impact on people management. The management is required to cope up with problems of unfamiliar laws, languages, practices, competitors, attitudes, management styles, work ethics, and more. Personnel functions such as hiring, training, compensating, maintaining, and the like must acquire a global perspective. To face this challenge, the management must be flexible and proactive. By being flexible and proactive, management can make significant contribution to the company's growth. By helping the best-qualified people execute the company's strategy on a global scale, management can become a source of competitive advantage for the company.

Specifically, internationalisation of business presents at least four challenges:

- Globalisation affects an increasing number of managers and professionals,
- Internationalisation puts a premium on certain competencies (or skills),
- Managerial learning is a critical process in internationalisation, bringing teamwork strongly to the fore, and
- Management of careers in the context of globalisation brings about peculiar difficulties in many companies.

Globalisation and its impact on people management is discussed in greater detail in Chapter 23.

PROMOTING ETHICAL BEHAVIOUR AND CSR

Every decision and behaviour in organisations will have underlying foundations of ethics, principles, and rules. It is important on the part of managers to ensure that ethical concepts are understood, principles are respected, and rules are observed.

Ethics refers to a system of moral principles — a sense of right and wrong, the goodness and badness of actions, and the motives and consequences of these actions. As applied to organisations, ethics is the study of good and evil, right and wrong, and just and unjust actions of managers.¹¹

Organisational ethics does not differ from generally-accepted norms of good or bad practices. If dishonesty is considered to be unethical and immoral in the society, then any businessman who is dishonest with his or her employees, customers, shareholders, or competitors is also an unethical and immoral person. If protecting others from any harm is considered to be ethical, then a company which recalls a defective or harmful product from the market is an ethical company. To be considered ethical, businessmen must draw their ideas about 'what is desirable behaviour' from the same source as anybody else would draw. Businesses should not try to evolve their own principles to justify 'what is right and what is wrong'. Employees and employers may be tempted to apply special or weaker ethical rules to business situations, but the society does not condone such exceptions. People who are in business are bound by the same ethical principles that apply to society.

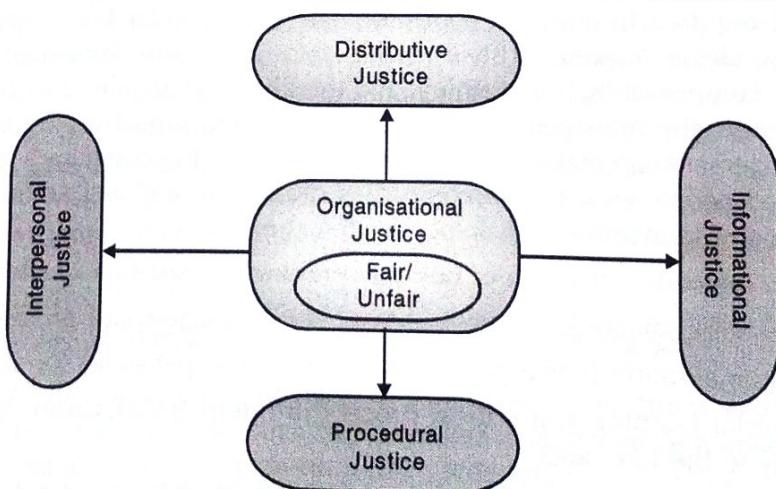
Social responsibility, popularly called corporate social responsibility (CSR), refers to the social actions taken by corporates to improve welfare of society along with promotion of their own interests. What was understood and implemented was that CSR was voluntary but now it is mandated. Chapter 24 carries more details on ethics and CSR.

ORGANISATIONAL JUSTICE^{LO8}

Justice refers to a sense of fairness. Organisational justice refers to the perceptions held by employees about the fairness of rewards they are receiving. A few questions relevant here are: Is one's performance assessment accurate and objective? Is the compensation one receives matches with his or her inputs to the company? Are you recognised for your performance?

Four forms of organisational justice are relevant: distributive, informational, procedural, and interpersonal. (See Fig. 3.8).

Figure 3.8:
Forms of
Organisational
Justice



Distributive Justice: This refers to the extent of satisfaction employees derive from their outcomes from the organisation. Outcomes include compensation, work assignments, foreign jaunts and the like. Distributive justice is not confined to only employee's perceptions. All stakeholders in the organisation carry such perceptions. Executives, shareholders, Government, customers, and public have their own expectations. Executives expect attractive compensation and stock option schemes; shareholders are satisfied when they receive dividends without break and their capital appreciates; Government expects the organisation to pay the dues honestly; customers expect quality products reasonably priced; and public expects the organisation to be a good corporate citizen.

Informational Justice: This refers to people's perceptions of the fairness of the information used as the basis for decision making. How does, for example, an employee feel when uninformed, his or her pay has been cut by ₹ 1,000/- – the amount to be donated for some relief? Decisions made based on sound information are fair and are accepted by employees without resistance.

Procedural Justice: This refers to employee's perceptions of the fairness of the procedures used to determine the outcomes they receive. Relevant questions in this context include: What methods and procedures were used to assess your performance? How has been overtime work allotted?

Interpersonal Justice: This refers to the fairness of the manner with which supervisors treat their subordinates. Assume an employee has been laid off. Grieved person will derive solace if the supervisor gives patient listening and offers sound advice. Though lay-off is a decision that is made by the top management, kind words from the supervisor will smoothen ruffled feelings of the affected employee.

Self-check

- Which of the following statements better describes the nature of diversity?
 - Diversity represents mixture of genders, age groups, cultures, languages, and ethnicities. It is a collective mixture of differences in an organisation.
 - Diversity is most common and is encouraged by management.
 - Diversity creates conflict and results in exit of people.
 - A+A+A+A+A
 - AA+BB+CC+DD
- Match items in Column "A" with those in Column "B"

| A | B |
|------------------------------|--|
| (i) Career | (a) A more experienced person guiding the less experienced one |
| (ii) Career ladder | (b) War for talent |
| (iii) Secondments | (c) Progression of jobs an individual holds in an organisation |
| (iv) Term coined by McKinsey | (d) Temporary leaves of absences may be at reduced pay |
| (v) Monitoring | (e) A manager working in a different organisation for sometime |
| (vi) Sabbaticals | |
- Which of the following better describes the nature of organisational justice
 - Everybody is promoted.
 - All employees are given pay hikes.
 - Perceptions held by employees about the rewards received by them.
 - Making shareholders feel excited.
 - Making good profit
- State 'True' or 'False' against each of the following statements.
 - Wired organisations create virtual offices.
 - Succession planning refers to the process of making success out of plans.
 - Career development refers to an organisations' approach to ensure that competent people are available when needed.
 - Corporate universities mean corporatising all universities.
 - Career counselling helps employees discuss their career goals in one-to-one counselling sessions.

Relook

- (i) Read all the chapters in this book. Point out how globalisation impacts one of them.
- (ii) What, according to you, is the single most critical challenge that the managers face today? Illustrate your answer.
- (iii) Which is more important: talent or career?
- (iv) Do you think OB has nothing to offer to other behavioural disciplines?

5. Which of the following statements better describes the nature of reverse mentoring?
- A situation where mentoring has not served any purpose.
 - Management is contemplating on the idea of overhauling the system.
 - Senior managers are mentored by youngsters.
 - None of the above.
6. Fill in the blanks in the following statements:
- Granting temporary leaves of absence at reduced amount of pay refers to _____.
 - _____ is locating talent in-house.
 - Employee perceptions of the fairness of the procedures used to determine their outcome is called _____.
 - It was _____ who said that the "empires of the future will be the empires of the mind."
 - The phrase "War for talent" was coined by _____.

Ans:

- (a)
- (i) with c, (ii) with f, (iii) with e, (iv) with b, (v) with a, (vi) with d
- (e)
- (a) True, (b) False, (c) True, (d) False, (e) True.
- (c)
- (i) Sabbaticals
(ii) Resourcing strategy
(iii) Procedural Justice
(iv) Churchill
(v) McKinsey



Ways of Promoting Organisational Justice

- Paying fair wages to employees is one and a major way of promoting justice. Fair wage should consider the prevailing wage rate across industries. It should also keep in mind the desirability of the employees.
- Empowering employees helps in ushering justice. Employees gladly accept outcomes when they have had a voice in determining what they get. This is known as the *fair process effect*.
- Let decisions be made known to the employees. Fairness demands giving employees information about how decisions were made and explaining those decisions in a manner that demonstrates dignity and respect for them.
- Managers and workers need to be trained. Managers need to be trained in ways of treating employees in a manner they perceive to be fair. Workers need to be so trained that they do not indulge in negative practices such as stealing from the company, sabotaging and the like.

KEY TERMS

- Diversity:** Diversity represents a combination of people with different regions, religions, languages and cultures working together and rubbing shoulders with one another. Modern organisations are known for diversify nay, organisations with diversity enjoy competitive edge.⁽⁶⁰⁾
- Diversity Skill:** These skills focus on improving the way managers and their subordinates interact with each other and on improving their abilities to work with different kinds of people.⁽⁶²⁾
- Gender Diversity:** Feminisation of workforce is what is called gender diversity. Having more women on the payroll benefits an organisation. Women are risk averse, retain company secrets, less unionised, good at repetitive work and add charm to the ambience. But there are problems nevertheless. Extra privileges need to be provided which means additional cost to the organisation.⁽⁶⁴⁾

4. **Leaner Organisation:** Lean organisations are flat structures. Organisations are becoming flat thanks to automation and information technology. Delayering and downsizing are other names for lean organisations. Lean organisations have fewer employees, achieve greater volumes, communication is direct and decision making is fast.⁽⁷⁸⁾
5. **Ethnocentrism:** A tendency to regard one's own group, culture or nation as superior to others. This tendency is common with individuals, organisations and even nations.⁽⁶¹⁾
6. **Cultural Diversity:** This refers to the mix of different nationalities. When an organisation has Japanese, Chinese, Koreans, Australians, US Citizens and Mexicans work together in cohesion, there is cultural diversity.⁽⁶²⁾
7. **Wired Organisation:** These organisations are highly connected through telecommunication facilities. Such organisations have flat structures, fewer employees but greater volumes. Any IT firm is an example of a wired organisation.⁽⁷⁸⁾
8. **Career:** The pattern of work-related experiences that span the course of a person's life.⁽⁶⁶⁾
9. **Career Planning:** An individual sets goals and identifies means to achieve them.⁽⁶⁷⁾
10. **Career Path:** Also called career ladder, this provides information regarding the possible directors and career opportunities available in the organisation.⁽⁶⁹⁾
11. **Mentoring:** A work relationship that encourages development and career enhancement for people moving through the career cycle.⁽⁷⁰⁾
12. **Secondments:** This involves a manager spending a period of time working in a different organisation. The period is generally one year.⁽⁷¹⁾
13. **Talent Management:** This is understood as the process of attracting, developing, retaining and deploying the best employees.⁽⁷²⁾
14. **Talent Audit:** This helps identify those with high potential and becomes a basis for career planning and development.⁽⁷⁴⁾
15. **Succession Planning:** This refers to formulating contingency plans for the loss of employees holding key positions in an organisation.⁽⁷⁵⁾
16. **Gold-collar Worker:** If an employee has both business skill as well as technological expertise, he or she is said to be a gold-collar worker. Many new generation employees are said to be so.⁽⁸⁰⁾
17. **Organisational Justice:** This refers to the perception an employee holds on the fairness or otherwise of the rewards he or she receives from his or her organisation.⁽⁸¹⁾
18. **Fair Process Effect:** Willingness of employees to accept outcomes when they were involved in deciding what they get.⁽⁸³⁾



QUESTIONS

- 3.1 What is workforce diversity? How to manage diversity?
- 3.2 What impact does globalisation have on managing employees?
- 3.3 What is career development? Bring out the career development initiatives?
- 3.4 What is talent management? What are the techniques to nurture talent?
- 3.5 Why have career management and talent management become important these days?

EXERCISE 1

Ethical Dilemmas

Divide the class into five groups. Each group should choose one of the following scenarios and agree on a course of action.

1. Sam works for you. He is technically capable and a good worker, but he does not get along well with others in the work group. When Sam has an opportunity to get a transfer, you encourage him to take it. What would you say to Sam's potential supervisor when he asks about Sam?
2. Your boss has told you that you must reduce your work group by 30 per cent. Which of the following criteria would you use to lay-off workers?
- Lay-off older, higher paid employees.
 - Lay-off younger, lower paid employees.
 - Lay-off workers based on seniority only.
 - Lay-off workers based on performance only.
3. You are an engineer, but you are not working on your company's Department of Transportation (DoT) project. One day you overhear a conversation in the cafeteria between the programme manager and the project engineer that makes you reasonably sure a large contract will soon be given to the ABC Company to develop and manufacture a DoT sub-system. ABC is a small firm, and its stock is traded over-the-counter. You feel sure that the stock will rise from its present ₹ 225 per share as soon as news of the DoT contract gets out. Would you buy ABC's stock?
4. You work for a cigarette company and up to now have not been convinced that cigarettes cause cancer. A recent report has come to your desk that clearly establishes the correlation between cigarette smoking and cancer. What would you do?
5. Imagine that you are the CEO of a company in a highly competitive industry. You learn that a competitor has made an important scientific discovery that is not patentable and will give that company an advantage that will substantially reduce the profits of your company for about a year. There is some hope of hiring one of the competitor's employees who knows the details of the discovery. Would you try to hire this person?

Each group should present its scenario and chosen course of action to the class. The class should then evaluate the ethics of the course of action, using the following questions to guide the discussion:



- Are you following rules that are understood and accepted?
- Are you comfortable in discussing and defending your action?
- Would you want someone to do this for you?
- What if everyone acted this way?
- Are there alternatives that rest on firmer ethical ground?

EXERCISE 2

Attitude towards Women at Work

For each of the following 10 statements, select the response that best describes your honest belief about women at work. Place the number 1, 2, 3, or 4 on the line before each statement.

1. Strongly agree 2. Agree 3. Disagree 4. Strongly disagree

- _____ 1. Women work to earn extra pocket money.
 _____ 2. Women are out of work or take long maternity leave when they have children.
 _____ 3. Women quit work or take long maternity leave when they have children.
 _____ 4. Women have a lower commitment of work than men.
 _____ 5. Women lack motivation to get ahead.
 _____ 6. Women lack the education necessary to get ahead.
 _____ 7. Working women have caused rising unemployment among men.
 _____ 8. Women are not strong enough or emotionally stable enough to succeed in high-pressure jobs.
 _____ 9. Women are too emotional to be effective managers.

10. Women managers have difficulty in situations calling for quick and precise decisions.

Total _____

To determine your attitude score, add up the total points of your 10 answers and place it on the total line and on the continuum below.

Negative attitude 10 _____ 20 _____ 30 _____ 40 _____ Positive attitude

(Source: Robert N. Lussier, *Human Relations in Organisations*, McGraw-Hill, p. 471)

EXERCISE 3

Ethical Behaviour

For the following fifteen statements, identify the frequency with which you do, have done or would do these things in the future when employed full-time. Place the letter R, O, S or N on the line before each statement.

R = Regularly O = Occasionally S = Seldom N = Never

1. I come to work late and get paid for it.
2. I leave work early and get paid for it.
3. I take long breaks/lunches and get paid for it.
4. I call in sick to get a day-off when I'm not sick.
5. I use the company telephone to make personal long-distance calls.
6. I do personal work on company time.
7. I use the company copier for personal use.
8. I mail personal things through the company mail.
9. I take home company supplies or merchandise.
10. I give company supplies or merchandise to friends.
11. I claim reimbursement for meal, travel or other expenses that I have not incurred.
12. I use the company car for personal business.
13. I take my spouse/friend out to eat and charge it to the company expense account.
14. I take my spouse/friend on business trips and charge the expense to the company.
15. I accept gifts from customers/suppliers in exchange for giving them business.



Give yourself one point for each N answer, two points for each S answer, three points for each O answer and four points for each R answer. Total your score. It will be between 15 and 60. Place it here _____ and an X on the continuum below that represents your score.

Ethical 15 20 25 30 35 40 45 50 55 60 Unethical

All of these items are considered by most organisations as being unethical behaviour. However, many of these actions happen regularly in organisations. Even if many employees do them, does that make it right for you to do them too?

(Source: Jackwood, et.al., *op. cit.*, p. 40).

Closing Case

Fact - Sheet

- 150 year old organisation operates in more than 17 industries covering pin to plane and salt to software business.
- Family of firms (more than 130) has built a market value of \$ 155 bn. Offers jobs to 6,95,000 people.
- Well known for charity, employee welfare, nation building and is known as the greatest company in the world.
- Two-thirds of companies are owned by charitable trusts.
- Biggest industrial sector employer in the UK, a huge achievement for the company from a former colony of the realm.
- Most senior managers do not live in multiple sprawling mansions, as so many American and European CEOs do, but in modest apartments and homes.
- A dream company for any job seeker who prefers to work for a socially conscious organisation.
- Early supporter of Mahatma Gandhi led country's industrialisation drive in the 1940s and played a big part in the outsourcing revolution in the 1990s.

The list goes on. That is the sobriety of Tata Sons. Such an edifice is being challenged by Reliance and Aditya Birla Groups. For the first time the premier group is in news but for wrong reasons. Its corporate governance is doubted. Cyrus Mistry was exited for non-performance (who is suing the company) and Chandrasekharan, CEO of TCS, has been made the boss of Tata Sons. He is one year old into the new assignment and needs to move decisively to bring Tata Sons into its old shene.

Following observations may be worth pondering and attention.

Is it a 150-year-old national monument, a philanthropic vehicle or a conglomerate? Tata should instead be positioned as a holding company-like Berkshire Hathaway but minus the personality cult and with Indian characteristics.

Tata's structure with three layers, largely an accident of history, magnifies the complexity. At the bottom are 130 operating companies, a dozen of which are big and listed. In the middle is Tata Sons, a holding firm that owns stakes of varying sizes in the operating businesses. It is in turn majority-owned by the Tata family trusts, charities led by Ratan Tata, the group's 80-year-old-patriarch, who has no direct heirs.

The resulting ambiguity has led Tata to be too tolerant of weak businesses and to a complicated succession. Ratan Tata, who was chairman between 1991 and 2012, led a bold globalisation drive, which included the acquisitions of Jaguar, Land Rover (JLR) and Corus, a British steel firm. But he neglected profits and roamed over all three layers. His successor, Cyrus Mistry, tried to cull bad businesses but suffered from paralysis-by-analysis and fell out with Ratan Tata.

Chandrasekharan created \$60 bn of value when he was boss of TCS, Tata's IT services arm, in 2009-17, and is known for metronomic consistency. His superb record gives him a licence to ask tough questions and makes it hard for Ratan Tata to object.

A few want the group to be a vehicle for building up the nation, a goal with which the trusts may sympathise. But Tata is not a state-owned firm or a charity, and outside shareholders have \$85 bn tied up in Tata firms. They expect profit, not glory. Alternatively, Tata could be run as a conglomerate, like General Electric in its prime. But it has legal control of only 62 per cent of its empire, based on the value of firms in which it has a majority stake. Its gems—TCS, JLR and Titan, a jeweller—are largely autonomous.

The best path is to be a holding company that makes strategic investments but does not normally exercise operational control, like Berkshire or Investor AB in Sweden. After all, Tata Sons does not have an equal interest in all Tata-branded firms. Chandrasekharan is a director of some operating firms but derives his authority from being chairman of Tata Sons. Once Ratan Tata retires, the trusts will probably be run by arm's length boards focused on their fiduciary duty to hold Tata Sons accountable for its performance.

Viewed as a holding company, Tata Sons has a net asset value (the market or book value of its stakes, less its debts) of \$84 bn. Its NAV has risen by 547 per cent since 2007, beating India's stock market, which made a total return of 151 per

cent — a strong performance but one mostly due to its 74 per cent stake in TCS, which comprises 84 per cent of NAV. Many of Tata firms are loss making. Valued at book, 66 per cent of Tata Sons' investments over the years sit in underperforming units with a return on capital of less than 10 per cent.

Tata Sons should set clear targets. It should aim to continue to grow its NAV faster than India's stock market and its profits faster than nominal GDP. By 2030 that would allow the trusts to have a budget to match the present budget of the Gates Foundation.

It may sound easy, but there probably will not be another triumph like TCS to prop up performance. So Tata Sons must be ruthless. It must ensure that the stars, TCS, JLR and Titan, continue to thrive, which means leaving them alone. And it needs new growth businesses. Buried within it are promising operations, including its retail, defence and financial-services arms. To grow big these will require piles of capital. For example, Tata's financial business, which should be a big beneficiary of its trusted brand, has a book value of \$2 bn and ranks only 27th in India's industry.

Dealing with the underperformers is critical. Surprisingly, Chandrasekharan has given a second chance to two serial offenders. He has approved a capacity expansion at Tata's domestic steel operation. And he has supported a new strategy at Tata's domestic trucks and cars unit, which has lost market share. Over 25 years these two have generated acceptable returns on equity only about half the time. It is unlikely that they will do much better.

Time for Tata Sons to Grow up

Elsewhere, Chandrasekharan has shown backbone. He has sold Tata's toxic mobile-telecoms arm and is folding Corus into a joint venture with Germany's ThyssenKrupp. Although these deals eliminate the risk of giant losses, they have not released much capital. To do that Chandrasekharan should grit his teeth and sell off all the peripheral stakes and businesses. That could raise \$8bn, making Tata simpler to run and fortifying its balance-sheet. To succeed, holding companies need to be a source of brains and money rather than dependents of firms they invest in. Tata Sons' debt has risen to \$10 bn, shrinking its kitty. It may need to buy out Mistry's family, which has an 18 per cent stake in Tata Sons, worth \$15 bn.

Under Chandrasekharan, Tata Sons should aim to be a muscular holding firm that invests in competitive businesses and produces strong returns for its owners. That description cannot possibly capture the epic scale of human endeavour within Tata. But as a way to position the group for the next 150 years, it does the job.

Will the present Chairman of Tata Sons do it?

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