

## Aditya Birla Group - Case study.

1. An strategic redesign that underwent from 1995 to 2006.
2. Articles elaborates on two critical issues.  
nature of HR.

### \* Cascio (2005)

For HR to add value to an organization,  
5 key competencies are needed:

- common understanding of mission.
- clear expectations
- compliance
- commitment
- capability.

### \* Sem (2003)

well articulated and integrated approach requires:

- (1) recruitment, selection and induction
- (2) selection, restraining and redeployment
- (3) A performance appraisal system.
- (4) Compensation and reward mechanism.
- (5) Right sizing to be aligned with the organization's overall business strategy.

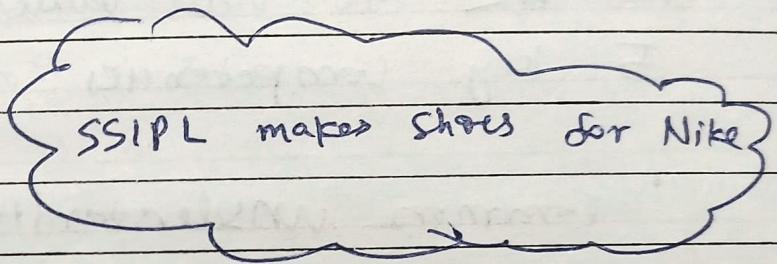
Two critical issues.

1. The peculiarities and defining characteristics of HR model that are unique to a particular country or environment
2. The main factor that shape people management policies and practices within the context of a specific macroenvironment.

+

is

Topics.



1. Boundaryless/virtual organisation.

2.

\* Management is relatively:

↳ less binary

less structured

less uniform

more idiosyncratic

more contingent.

\*

Similitude:

## \* Boundaryless/virtual organisation.

→ formed by people which are linked by computer, faxes, CAD system and video teleconferencing.

→ they are not formal member of an organisation.

This organisation is formed by independent experts, functional experts who form alliance with the organisation.

## \* organizational expert resources.

→ OR are company specific skills and competence that give an organisation a competitive advantage.

## \* Co-ordination ability:

Effective co-ordination of resources leads to a competitive advantage.

\* Contingency is an event that might be occur and must be planned for, such as changing environment, pressure.

\* Contingent workers → who are employed for temporary period and who receive no benefits of pension or health insurance.

- The role of HR has evolved to include new capabilities and contributing to the strategic redesigning of the organisations.
- HR practices with overall business strategy, including recruitment, performance appraisal, compensation, and rightsizing.
- The choice of Aditya Birla Group is based on its financial success, strong reputation in HRM, and willingness to participate in the longitudinal study.

Yin (1994) and Eisenhardt (1995)

- Data collection spanned a six-year period in two phases, from December 2000 to February 2001 and from January to March 2006.
- He interviewed more than 11 top manager (including director, regional president, vice president, executive vice president, general manager and country heads).
- → interviews was detailed, semistructured, open-ended format.
- each interview lasted 1.5 hr to 2.0 hr.

- The roots of Aditya Birla can be traced back to the 19th century when Seth Srinivasa Birla began trading in cotton in Pilani, Rajasthan.
- GD Birla expanded the group's founding father, expanded the business in the early 20th century and set up industries in textile, aluminum, cements and chemicals.
- GD Birla played an active role in the Indian freedom struggle and hosted meeting of freedom fighters at Birla House in Delhi.
- Aditya Vikram Birla the grandson of GD Birla, became a legendary leader and had a vision of creating global business empire.
- Aditya Birla established production bases in Southeast Asian countries.
- Under Aditya Birla leadership, the group became a major global producer in fibre, fiber, palm oil, insulators and carbon black.
- In India it became largest producer of viscose filament yarn, cement, rayon grade pulp, and aluminium production involvement.
- Aditya Vikram Birla died in 1995 with the group's revenues exceeding \$1.5B globally.

- After death of A.R. Birla, Kumar Mangalam Birla took charge of the group.
- He extended his focus to knowledge sectors industries like telecom, software, insurance, and branded apparel.
- The rule of three was aiming to be in the top three globally <sup>or atleast</sup> and regionally in each chosen sectors. in five years.
- World's largest leader in viscose staple fiber  
Asia's largest integrated aluminum producer,  
fastest growing copper company in Asia.
- 11<sup>th</sup> largest cement producer in the world  
7<sup>th</sup> largest in Asia.
- 4<sup>th</sup> largest producer of carbon black in Asia.
- \* Mr. Birla ~~acquired~~ acquired L&T cement and renamed it Ultratech cement.
- \* Further redefining the group, he undertook three way merger of Indian Rayon, Birla Global Finance and Indo-Gulf Fertilizers.

CVP → Gross Cash flow → Gross Cash Inflow

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ABMCL (Aditya Birla Management Corporation Limited) acted as the central nervous system of ABG, integrating and coordinating activities as a unified act entity.

\* Inspired by GE capital, Mr. Birla modeled ABMCL for a profit professional culture and effective management.

\* psy- →

\* Feynman concept → if you can explain some concept to kid, you know it by heart.

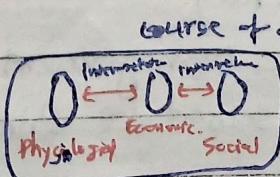
\* organisational structure.

allocation of tasks, responsibilities and authorities within the organisation.

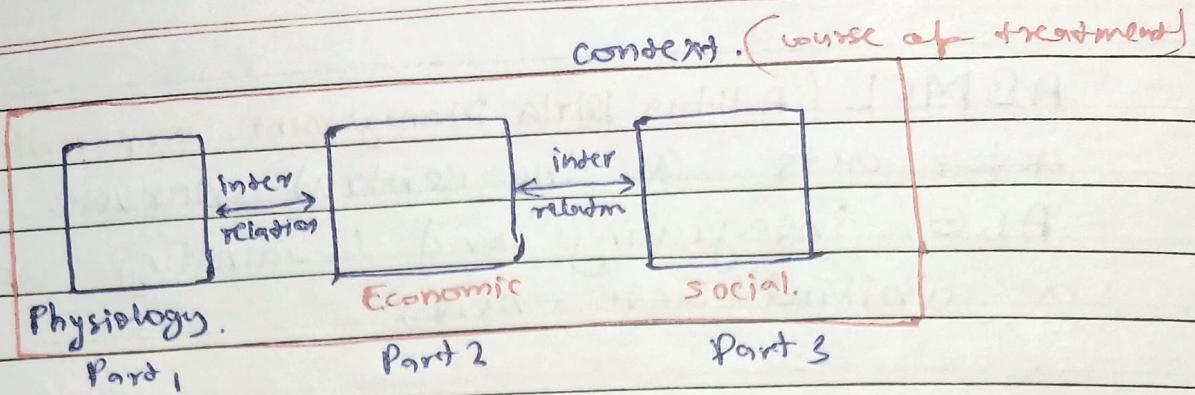
responsibility → ↑

Authority ↑.

\* System thinking

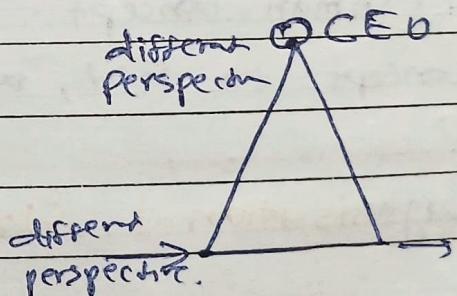


for medical  
practitioner



\* **Peculiarities**

- (i) collectives are different from constituents
- (ii) individualities take a back seat (Caret)  
organisation force you do -----
- (iii) New frame of reference for a new perspective.



- (iv) It comprised of many sub-organisations.

\* OS: Key Historical Concepts.

Division of labour → invisible hand  
Bureaucracy → free marketing & demand & supply  
Science Management  
Administrative Principles

role of government

## (2) \* Bureaucratic organisations (Weber) → Early 1900s

- Division of labour
- Hierarchy
- Rules and procedures (SOP.)
- Managers - ownership
- promotion - Qualifications based.
- Documentation.

\* Organogram → A diagram in ~~form~~ of the structure of an organisation where it shows the relationship of the jobs in it.

## (3) \* Scientific management (Taylor) - Early 1900s

- Standard methods for each job
- T & M study
- Performance control
- Workmen training.
- Wage incentives

## (4) Administrative Principles.

Unity of direction.

Subordination.

Centralization.

## \* Pugh's model (1968)

- Specialization
  - Standardization → procedure
  - Formalization → documentation
  - Centralization
  - Configuration
- to what extent

## ABG class.

### → prevailing conditions (1995)

- (i) End of license Raj era
- (ii) pressure due to Globalization
- (iii) Overseas opportunities

→ Identification of core business

- Textile
- Cement
- Fertilizer
- Service based.

→ [commodity business] D2D business

→ Key concern.

→ To move commodity business into consumer centric business.

→ Strategy.

→

→ Differentiate yourself in the marketplace and become preferred provider.

→ Develop the assets and capabilities to achieve in above

→ If these cannot



Aditya Birla Capital ?

Bromide ?

Measures taken.

- Change in Management Top.
  - Hands-on / Hands-off (HR function / institutionalized)
  - Drifting away from babu culture.
    - Delegation and empowerment to lower
    - Environment scanning by top
  - 360 degree PA enhanced fairness
  - infusion of young blood.
- Building Human Capital.
  - HR as strategic partner
  - Focus on succession planning
  - Fast tracking on basis performance
  - Job (Re) analysis and ~~Job~~ <sup>(re)</sup> Job evaluation
  - Triple bottom line approach
  - Greater emphasis on employee well-being

# Descriptional power ?

types of benefits in organization?

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Mechanistic vs  
(Bureaucratic)

Organic Organization  
(Adaptive)

High formalization

Low formalization

Narrow span of control

Wide span of control

High centralization

Low centralization

→ Economic overheating → Demand > (Supply limit)

ability to adapt quickly to market changes.

Agile, Sprints, Scrum master, disaggregated?

↓ ↳ a time period in which a work is done

at high power distance

Always having  
plan B for some  
sudden changes in  
rules or organization

dotted line → A person can advise you.

Solid line → A person can punish you.

Mumbai Dabbawala: Business model.

Key feature

Highly decentralized.

Self-management work culture.

Partnership model

Mumukshu, do the hill (Cross training)

Scientific Approach (Demand analysis + plan)

Rigorous discipline

Autonomy (at local levels; customer T&C; NCA)

Strong collective identity.  
(changing times)

## Backward integration forward integration.

Why would we expect organisations to be morally & ethically correct? → ends

↓  
Trust, enhance reputation, ensure legal compliance, boost logistic → physical transformation  
procurement → documents negotiation / paper work  
employ market, secret regulation, etc.

infosys raw material?

↓  
human Capital, techn., infrastr., intellects, prop.

engines

(total % of  
Detectors)

distiller

→ internal customers →

(total % of  
promoter  
viser.)

Positive points  
positive points  
program

Hygiene factor.

Hygiene factor → if they are absent → huge dissatisfaction.  
(hygiene) if they are present → huge satisfaction.

→ KMS (Knowledge Management System)

→ learning and growth

Learning and Change Management

Single-loop learning → common learning style.

Double-loop learning → internal thinking (deep).

learning (inner belief)  
Goal, values

- HRD → (Read a story  
dynamite)
- talent management ≈ HR management
- MBTI (MBTI) → personality test  
circumstances → about match with company needs  
with company needs
- (Knowledge, skill, Ability, other)
- Holland's code →
- Sixc : (onctonline.net)  
↓  
My next movie.
- Tag group is owned by →  
**The House of TATA.**
- Tag opened its doors in 1903.
- Tag hires most of its staff from smaller cities and towns and train them for 18 months.
- The Tag group doesn't scout for English speaker or math whizzes.

what did you learn this week.  
what did you see this week.

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\* recruiter look for three characters traits

- (i) Respect for elders
- (ii) cheerfulness ( positive approach to life)
- (iii) neediness

for trainees → ~~earns~~ 5000 RS per month  
in 1st year

7000 RS a month in  
Second year.

The Taj group recruits supervisors and junior managers from approximately half of the more than 100 hotel management and catering institutes in India.

- the Taj group maintaining relationship with about 30 Hotel management institutes.
- Company imparts three kinds of skills.

(1) Technical skills (2) (ii) Grooming (iii) personality.  
and language skills.  
and (3) customer handling skills.

- An employee is allowed to spend ~~more~~ money on ~~that~~ the guest who is angry, so that she/he will come again.

endes  
n

Employees accumulate points for rewards throughout the year in three domains.

- (i) Complements from guests
- (ii) Complements from Colleagues
- (iii) Their own suggestions.

### \* Value chain (porter's value chain)

- main activities
- Inbound logistics → inventory, warehouses, handling, transportation
  - Operations → to make product using the raw materials.
  - Outbound logistics → sell, export of product, related.
  - Marketing and Sales → promotion, ads, ...
  - Service → installation, repairs, ...

Firm infrastructures.

Human resource management.

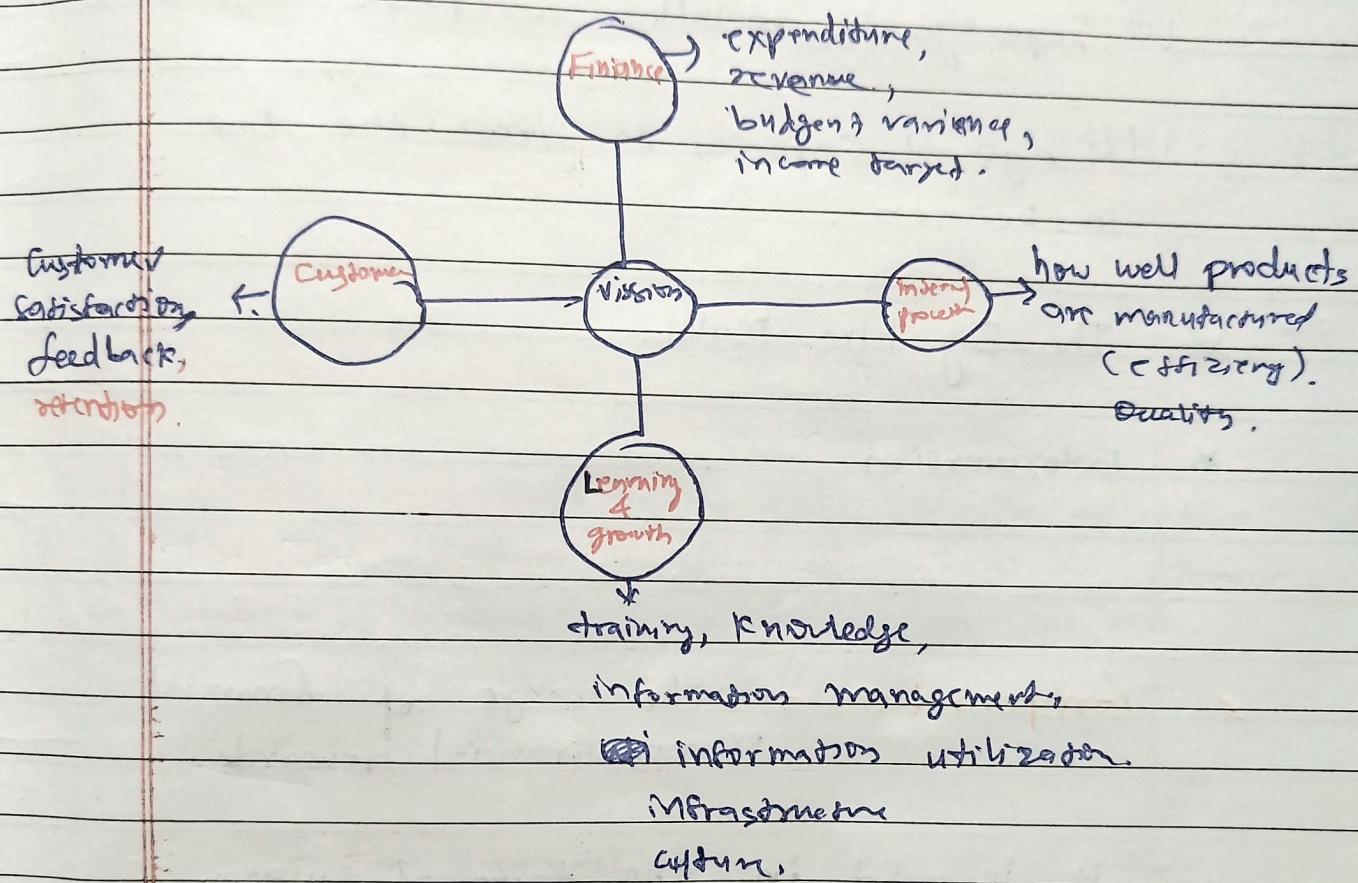
Technology development

Procurement → negotiation, time management with sellers, common

support activities

## Balance Scorecard.

- Used to identify internal process and helps in better external outcome.



### → Single-loop learning - double loop learning.

↓

follow rules  
and regulations  
(common things)

\* Staffing.

Change some rules  
and see values, goals, targets.

- process of recruitment, selection, training, development, appraisal, and remuneration of a person.
- right person, right place at per job requirement
- motivation of HRs.



## Freud's psychic Apparatus.

(i) Id → behavior of feel free.

(ii) Superego → socially acceptable behavior

(iii) Ego → capacity to draw the line  
in between.



## The Big Five Model.



### Extraversion



Compensation → wide range of financial  
or non-financial rewards.

→ It is paid in the form of wages,  
salaries and employee benefit.  
Such as: vacation, insurance,  
maternity leave,  
retirement benefits.

### Components of compensation

Basic Salary

Bonus

Incentives.

PF

Overtime pay

Allowance

## \* ~~and~~ Adam's equity theory.

$$\frac{\text{My outcome}}{\text{My inputs}} = \frac{\text{other's outcome}}{\text{other's input}} \Rightarrow \text{equity}.$$

$\text{My} < \text{other's} \rightarrow \text{negative equity.}$

$\text{My} > \text{other's} \rightarrow \text{positive equity.}$

## \* Leadership theories.

- (1) Traits theory  $\rightarrow$  major traits for an effective (Leaders are born) leader.

- (i) Ambition and energy
- (ii) The desire to lead
- (iii) Honest and integrity
- (iv) self confident.
- (v) intelligence
- (vi) High self-monitoring.
- (vii) Job-relevant knowledge.

## \* (2) Behavioral theory.

- (i) Interpersonal relationship of a leader and a follower.

- (ii) performance & satisfaction of group.

(iii)

$\rightarrow$  it ignored individualism, chance and situation.

## \* Contingency theory.

(Hershey blanchard situational model.)

(Situational Leadership theorem)

SLT

(R<sub>1</sub>) (i) Telling style → unable and unwilling.

- low maturity of subordinates,
- low relationship,
- high task.

(R<sub>2</sub>) (ii) Selling style →

- lack of ability
- willing.
- moderate maturity.

(R<sub>3</sub>) (iii) Participating style →

- high ability to do
- lack in willingness
- need motivation.
- high to moderate maturity

(R<sub>4</sub>) (iv) Delegating style.

- has ability & willingness.
- high maturity
- hardly require leadership

## \* Group properties.

(Rules)

(i) Norms → acceptable behavior of acceptable standard of behavior shared by members.

(ii) Size

Smaller groups are faster in completing tasks.

(iii) Cohesiveness

→ motivated to stay in the group.  
→ attraction of members to each other

\* odd numbers of group perform better.

→ Nowadays marketing becomes need creation process

→ upspot → Page.

→ Scoot airlines → middle and low income people

\* Historical orientation of firm

\* selling based on I'm convincing you to buy my product

\* Reasons: group awareness  
group

Same need [multiple ways] → Wants.

their

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One need → hunger, transportation, education  
↳ requirement made by market.  
Want →

Can purchase → Demand,

→ 4Ps of marketing.

(i) Product (ii) Price (iii) place (iv) Promotion

These days → Product ≡ service  
exist together. (kindle up)

→ design includes SLA (Service Level agreement)

→ Price Skimming | market Skimming

→ two part pricing.

why? why high the price of ...

→ Promotion → positive words of your products

→ 4Cs of marketing. → change in the product feature.

(i) Customer (ii) Cost (iii) Convenience  
↓  
(change in the product feature.) (iv) Communication.

11-12

9

01

just go  
by) 121

Poppy - 11-12

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\* (ii) Cost vs Price

→ we can control cost but not price w.r.t. to the market.

ABC → activity based costing.

(iii) Convenience → multiple gateway to sell.

(iv) Communication vs Promotion

→ feedbacks, customer response for product

## Digital Marketing.

Marketer telling you

Alexa telling you

if you (control alexa → control market)

→ DM | some Jargons.

CPM: cost per mille → price of thousand advertisement impressions

CPC: cost per click → how much advertiser pay for the ad to be clicked

CPA: cost per acquisition → total cost of customer + completed action.

Bounce Rate → should be low. → percentage of visitors leave your site after visiting one page of the site.

click-through rate →

HubSpot.

Native ads → which are not appearing like ads.  
(mask layout).

Advertisement

LIFE

Nice

"Buy & do it"

Ultimate goal to promote

→ Product Placement → product in movie.

→ traditional ads lost their effectiveness

→ Neuromarketing (simultaneous analysis)

Alexa,

→ Microsoft AI assistant → Cortana

→ Tencent AI Assistant → ~~QQ~~ Xiaoice

→ AI Assistant will help consumers navigate their increasingly overwhelming number of choices.

→ AI Assistant minimize → costs, risks and offer them unprecedented convenience.

→ Technology has been redefining relationships among consumers, brands, and firms.

Three ways response

(i) Categories consumers on their values (price or brand)

(ii) investment in brand building.

(iii) consumer behavior and product innovation  
(online/offline)

- Consumers will shift their allegiance from brands to a trusted AI brand.
- Brick-and-Mortar:  
→ serving customer face-to-face in a building rather than online.
- Product placement or recommendation of AI platform ~~can~~ could be the major part of revenue in future.
- AI knows better needs of customer than themselves.
- incumbents → A person who is officially currently in an official position