

## A Critical View of People Management in India

*\*Dr. Nandini Sharma*

**As a result of the IMF conditionality's for the US\$ 6.8 billion bailout, India had to liberalise its markets, privatise its ownership of business and globalise its competition. A new chapter in economic history of India was opened in 1990-91 under the leadership of Narasimha Rao. Before 1991 the economy was like a lethargic slothful giant in a deep slumber which needed an equal giant shake to awake. Post 1991 the government abolished the licence raj and opened the economy for foreign investment. Unfortunately the country later on was not able to sustain the pace of the reforms. It was thought that the economy will kick-start and show much higher growth than it has. This did not materialise. The factors responsible were political instability, haphazard policy framing and being non committal on the hard issues.**

When winds of change engulfed the economy and policy in 1991, corporate bodies were more conscious since they needed complete overhaul. Indian companies mostly concentrated on production optimization and capacity utilization. The marketing strategy was never thought of. But with transition to a buyer's market many companies have later on realized the significant role of marketing and then it (the marketing function) began gathering substantial importance. Until then most companies limited Marketing to Selling. But while the system tries to gear itself to meet the new scheme of performance the influence of social and religious values continue to mould the corporate efforts. Social values that have been ingrained in the social setting seep through the corporate reforms. The traditional culture has had many negative effects on the functioning of Indian corporate. Here, it is observed that the HR policy has failed to eliminate negative mindsets and has shown a dismal picture in inculcating positive attitude in employees through change management. The HR policy has not been able to bring a fine tuning within work logic and worker logic. The HR expert in this area has not been able to stand firmly and put forth his point fervently with the top management. Experience suggests that the formal structure of most organizations has little to do with the way work actually gets done in the organization. Whether it is the traditional hierarchical structure or a functional structure or a product-based structure, the HR

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policies have not been able to bring a drastic change in the structure of the organization thereby putting a barrier for a mediocre performance to reach the level of superior performance. What HR does is the typical hierarchical structure is mounted with push pins on the wall of the conference room, when a meeting of all the employees is going on, the group is asked to accomplish another task – by depicting connection of dots. The functions do not have direct bearing with the positions, and individuals with whom you work most of the time in order to get your job done, do suffer from megalomania and the result: a confusing mess, and to quote Sadri “this makes Lewis Carroll's *Mad Tea Party* look like an organized business!”

**Paternalistic Management:** In India, corporate business is largely dominated by the head of the family business, where paternalism is fostered. The head of this business has decision making centered on him. The climate and culture of such organizations is outlined by the personality of this figurehead. The system is so ingrained in the mentality of the executives that without this system the executives are not able to function in a responsible manner. Here also the HR is not strong as to suggest the family head to resort to change of the old structure of functioning. The HR expert rather remains protected in this condition rather than show strong confidence to bring change management.

Here let us make comparison with the Japanese style of management which is also paternalistic. The Indian style portrays negativity, characterized by nepotism, autocracy, with underlying tone of hypocrisy and double standards. These characters are fostered further by HR policies. The Japanese believe in strong teamwork and collective decision making, have commitment to quality, efficiency, continuous learning and a sense of patriotism. These traits are inculcated by their HR policies. In stark contrast is Indian style of HR management. This brings in mediocrity in its full form.

**Patron Syndrome:** The organizational culture in Indian companies is unique in several ways. The development of an individual in an organization does not depend upon how effective and efficient he or she is but being connected with the patron or the mentor who pushes the individual forward. In an educational institute of repute, the head openly bragged that it was he who decided whom to promote or whom to demote for acquiring a doctoral degree. We can draw

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conclusion here that the HR policy of deciding promotions on the merit has drastically failed. Imagine an inefficient and ineffective candidate with a communication skill of a new born baby, acquires doctoral degree by a thesis, cut and pasted and totally doctored (pun intended) and tutored and defended by such a mentor, and then this new scholar is put in charge to look after the revival of education, it is foregone conclusion that army of mediocre performers will be at the disposal of the corporate who recruit them in functional areas (HR included), the result would be once again mediocre performance at the corporate level. The HR policy is miserable in these areas. This mentoring system, sometimes involves withholding certain key information from the people who do not say yes sir, and indulging in favouritism, can subvert controls and undermine the morale of employees, besides leading to groupism. These are among the negative effects of this system and HR managers have no control on such negativity.

**Multiple Layers:** Many organizations, as a result of HR policies, have been characterized by multiple layers which reduces efficiency, decision making takes longer time and something different than what is intended, reduces flexibility. Layers tend to hide weakness and mediocrity like lapses in performance and insufficient capacity utilization. HR policy makers have to awaken themselves and trim down the layers to make it a flatter organizations. But they are not so much enthusiastic in this field. Multiple layers can breed nepotism as any one near and dear could be fitted in somewhere in the hierarchical structure.

**Tolerance Level:** The tolerance level is too high in many organizations which were studied by the authors of this paper. Readers may argue in favour of tolerance as it leads to strong element of flexibility, since it is the ability to adapt to changing situations, and in built mechanism to mix with other culture, which may be deep rooted historical tolerance and willingness to accept integrate differences. But juxtaposed with the above, tolerance has negative effect of fostering the laid back attitude. There is an exact phrase in Hindi-*Chalta Hai Chalne Do*. And this attitude is nurtured by none other than the HR managers. This becomes an alibi for poor performance and acceptance of low standards. Ask a material manager what happened to the requisition which was given a week back. He would say that he received fifty such requisitions daily and his subordinates do not place orders, Even if they place the order the supplier will not supply in time, Oh! The Indian suppliers are

often unreliable. Even if he supplied, would the transporter deliver it? With truck drivers going on strike and derailment of railways, who can assure of timely delivery? Unless CEO improves this company, or HR manager brings drastic policies where everyone is accountable, this chalta hai attitude will prevail. HR manager continues with policies of chalta hai which breeds mediocre performance. HR managers/leaders thus prove to be diehard mediocre.

**Leadership Issues:** Peter Drucker, Michael Maccoby, Michael Kami, Alvin Toffler, Michael Hammer, Jack Welch, Warren Bennis, Rudy Guiliani, Noel Tichy. What they have taught us are the finer points of profound leadership. Walter Lippman had said this: *The final test of a leader is that he leaves behind him in other men the will and conviction to carry on*. The organizations the authors studied were devoid of such leaders. The typical organizations had virtually all HR concepts of leadership focus on the "top-down, command and control" This type of leadership suffers from negative characteristics such as narrow input into problem solving and decision making, it is not my job attitude, frustration, limited creativity, sycophancy, apathy, passing the buck, lack of personal responsibility, compliance rather than commitment. The HR heads on this count were minnows in the organizations studied. There were few people who tried to build competence, but they could be counted on the fingers, and the fingers outnumbered the leaders!

**Laborious Decision-making:** Tom Gelb, Executive Vice President (retired.) of Operations, Harley-Davidson, once said "I am convinced that employees who have the same information and understanding of that information that I have will make the same (or better) decisions that I make." Decision making in India can lose the race with tortoise. It is as laborious as Abhimanyu finding exist point in the Chakravyuha (labyrinth). It has elements of subjectivity and over dependence on informal channels. Formal decentralization procedures get altered in actual practice. Either the capacity of decision making and/or transparency, they rank low. Indian managers individually may show excellence but when it comes to team work his ego juts out and the result is status quo on hard matters. The culprit is the insecure HR manager who is a past master at apple polishing and makes it a policy of not making the information available in time.

The key elements of decision making by following ten commandments was discussed in *Tirukkural*, an oldest Tamil Text, wherein *Kurul*, means commands, some of which were, define the

task, enlist the resources, correlate the timing, examine the ethics of the person entrusted, trust and entrust, among others. Investigation made us believe that HR policies were absent on this count. Decision making is lengthy because of lengthy preparation time. All the functional inputs for the final decisions are taken after considerable amount of departmental meetings and paper work which increase the time frame. There is also a strong component of informal communication and hierarchical issues that affect the final decision.

Take the 1<sup>st</sup> command that is defining the task. For this, HR managers simply do not plan. Untold resources are expended every year by organizations creating elaborate plans – annual plans, new product or service introduction plans, sales/marketing plans – and are beautifully bound in leather notebooks only to gather dust on the bookshelf of executives. Why – because the plans simply do not work! Because the task was not defined! Most plans fail for two distinct but related reasons: inaccurate forecasts of resource implications and the absence of crystal clear definition of what is to be accomplished. When we investigated the reasons of absence of clear policy lines we were surprised to find out that policy lacked in enlisting the resources from wherein substantial data could have been gathered. We suggested that pulling entire plan together with a realistic eye on the accuracy of resources, and not to do Plan B until Plan A is completed and, when you want to enter stream C you require coordination with both A and B. This is called backward planning and HR people were not aware of the backward planning because they were not accustomed to thinking and planning that way. Many HR Managers in the SME Sector remained content to play a subservient and subordinate role to the CEO even in 2015.

**Action Stations:** If the mediocrity is to be remedied then there has to be change in the thinking process. Indian companies are in a state of flux when change is to be brought. The need for change is to suit the liberalized economy. The change becomes cumbersome as companies are heavily chained by traditional structures and processes and overstocked by conservative mindsets which restricts the modern thinking. The organization should be such that it suits to the quick response demanded by the ever changing environment.

- 1) **Change the negativity of Paternalism-** If Paternalism can have figurehead syndrome, then this can be utilized to motivate people in the name of figurehead. An HR policy of

bringing a pressure on individuals can be formulated to improve performance, but this does not mean to employees a feeling of insecurity. Only thing is individual must feel that he cannot hide himself with mediocre performance. His can be made to work by introducing some performance drivers. Variable component of the salary can be linked to performance indication. Visible good performance should be subject to laud and bad ones to criticism. Too much importance to seniority has to be avoided.

- 2) **Mentoring to equal developing-** The individual who does not have a strong mentor, is a misfit in the later years. So is the case if a company is having mentorship practices is more likely to attain business sustainability. Certain individuals develop faster with strong mentors but others loose the race. HR has to bring a policy where subjectivity has to be eliminated. Unfairness shown towards certain individuals has to be analysed and unfair practices have to be weeded out. But this better said than done – even in several places of higher learning that claim to be professionally managed.
- 3) **Flexibility in the Structure-** New age competition demands different structure than pre 1991 era. The earlier structures were suited to functional requirement, where as post 1991 structure must consider the market segments, determined by their product category and then devise suitable structure. HR should be able to make a judicious mix of centralized and decentralized structure, where R&D, production, engineering is centralized to save cost and the other functions can be decentralized by giving authority to middle level managers.
- 4) **Credibility:** Credibility refers to a perception by others that human resource management leaders possess sufficient knowledge and expertise to help solve daunting business problems. In terms of being perceived as a leader when one is not the officially designated leader found that people who demonstrated knowledge and experience in the task at hand were the ones who emerged as leaders.
- 5) **People skills:** People skills, also referred to as interpersonal skills, is the ability to work effectively with others. Lack of such skills has been identified as a primary reason why managers 'derail', or fail to continue in a management career The most commonly cited

weakness in interpersonal skills was insensitivity, which was reflected in abrasive or intimidating behavior toward others. In contrast, successful managers were sensitive, tactful, considerate, and able to understand and get along with all types of people.

- 6) **An understanding of the business of business:** HR leaders need to know about the business in which their organization functions. Today, it is not enough for them to possess expert-level knowledge in human resource management. This is related to the credibility issue and is particularly important as HR leaders attempt to gain acceptance as people who have strategic management concerns and are aware of bottom-line issues.
- 7) **The ability to use a consultative approach:** Developing skills necessary to work effectively with line managers, employees, and other stakeholders for organizational performance and help them find appropriate solutions to difficult people problems. It can be viewed either as performance consulting
- 8) **Development of credibility:** Though related to the first competency, it is accepted that credibility is something that is earned. To earn it, human resource management leaders must continually work with others and, in the process, gain the respect of those with whom they interact.
- 9) **Comfort with change:** HR professional shall possess the ability to be flexible in the face of dynamic conditions. It does not equate to complacency. Tolerance of uncertainty (being able to operate effectively in the midst of changing conditions) was a characteristic that distinguished between leaders of high-and average-performance teams in a research and development environment, an environment in which change is constant.
- 10) **The ability to create a vision:** This refers to the creation of a compelling sense of what the future should look like and then encouraging others to see and strive for it. A leader's skill in 'selling' a vision to be important. They reported that the ability to articulate a goal in such a way as to inspire commitment by others was a crucial skill for successful leaders

The following checklist of the values which are the basic deciders of the organizational culture could be followed.

**Vision and Mission:** Lack of clarity in vision, mission, goal and role has often spelt doom for the corporate bodies. Often we need to ask : Are there vision and mission statements? Does

the mission reflect the organization's current requirements and desires and the environment in which it operates?

Is there consensus on what the vision and mission are? Does the company's long-range plan support the vision and mission?

**Goals and Objectives:** Given that the former is an open ended attribute and the latter a Closed ended one, **some questions need to be raised:** Are the goals congruent with the mission? Do they reflect the resources and operating specifics required to progress as a whole? Do they exist for each operating unit?

Do people know what they are? Do these people follow them?

**Values, Reward, and Policies:** There is some fuzziness in these areas and so clarification is needed from those who claim to be framing HR Policies on: What are the leader's values? Are those values known and shared? What is the organization's culture, and what specific behaviors does it support? Are those behaviors really rewarded? What are the rites and rituals? Do conditions support what the organization says it values (such as commitment, innovation, compliance, teamwork, individualism, entrepreneurship)?

Do the company's policies support its values, mission, and vision?

**Organizational and Job Structures:** Every stakeholder has the right to know: Are jobs clearly defined? Are jobs given needed responsibility? Are positions, responsibilities, and reporting effective and efficient? Does structure aid communication, decision making, and accountability? Are tasks grouped efficiently? Is the span of control effective? Is each unit of command appropriate?

#### **Work processes, Procedures, and Practices**

Could tasks or processes be automated?

Are processes well designed?

Are duties assigned in ways that are effective and efficient?

Do procedures exist, and are they followed consistently?

Are resources used wisely?

Do management practices support development, innovation, commitment?

Do people get feedback and information they need when they need it?

Does nonperformance have consequences?

Are those consequences carried out?

#### **Documentation and standards**

Are procedures and practices documented?

Are they accessible and usable?

Do they reflect desired practice?

Are there standards?

Does standardization support innovation, compliance, commitment?

#### **Physical facilities and space**

Is space adequate and well-used?

Does the space and lay out facilitate work flow?

Does the space and layout aid communication?

Do the technology and systems support the required work processes?

Are work conditions safe?

Do environmental conditions (temperature, light, noise ) support the required work processes?

Do environmental conditions support health?

#### **Training and development**

Are skills maintained?

Are skills developed?

Are skills and knowledge adequate for required and desired processes?

Are innovation and self empowerment supported?

What methods are used for development (coaching, cross training, and so on) and do those methods support the desired and require performance?

#### **Resource capacity and sufficiency**

Do people have the emotional, physical, intellectual, and economic capacity to achieve the desired and required performance?

Are there support systems and processes in place to either offset, reduce, or remove

deficiencies in capacity?

Are support systems sufficient for the desired and required performance?

Do values conflict with requirements of the job or the desired outcomes?

**Conclusion:** To carry out changes three different switches can be worked. The first could be structural lever where HR policy can separate interest of the family from business by creating financial and organizational structure. The second switch is when the owners should develop the leaders rather than making it traditional form of the organization by handing over the mantles to the people in the family. Example could be Narayan Murthy's development of Nandan Nilekani to take over the mantle in Infosys or Ratan Tata handing the reigns of the Tata Empire to Cyrus Mistry a rank outsider.

Most employees are motivated by either institutional or communitarian loyalty where the former refers to cultures, and norms that might create institutional loyalty and the latter refers to perceived common interests and social identification with a certain group. Also, recognizing that knowledge is power, employees may also withhold knowledge in order to enhance their personal value. This necessitates organizations to deliberately formulate policies to establish trust between the parties. Discovering and supporting the application of self-organizing principles is essential for maximizing the productivity of knowledge workers. Today, more than ever, it is much more advantageous to give up hierarchical control in order to gain much greater self-regulating order and participation of knowledge workers throughout an organization. This symbolism within the workplace encourages and supports an on-going collaborative behaviour among knowledge workers resulting enhanced productivity and organizational reputation among individual members, a key attribute of a successful management of human capital and competitive advantage. The existing literature on HRM in Knowledge based organizations needs further refinement and improvement. The ultimate result would be super performance.

**\*Assistant Professor  
S.S.Jain Subodh P.G. College, Jaipur**

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