

**PERFORMANCE MEASUREMENT BY MODERN  
TECHNIQUES OF CORPORATE SECTORS IN PUNE  
REGION**

A THESIS SUBMITTED TO  
TILAK MAHARASHTRA UNIVERSITY, PUNE  
FOR THE DEGREE OF VIDYAVACHASPATI (PH.D)

**DOCTOR OF PHILOSOPHY**

**IN**

**MANAGEMENT**

**RESEARCHER**

**SUMATI SIDHARTH**

**UNDER THE GUIDANCE OF**

**BRIG. (DR) R.C. PATHAK**

**AUGUST, 2010**

## CERTIFICATE

This is to certify that the thesis entitled "**Performance Measurement by Modern Techniques of Corporate Sector Companies in Pune Region**" which is being submitted herewith for the award of the degree of Vidyavachaspati (Ph.D) in **Management** of Tilak Maharashtra University, Pune is the result of original research work completed by **Smt.Sumati Sidharth** under my supervision and guidance. To the best of my knowledge and belief the work incorporated in this thesis has not formed the basis for the award of any Degree or similar title of this or any other University or examining body upon her.

**Place: Pune**

**Date: 30<sup>th</sup> August, 2010**

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## **DECLARATION**

I hereby declare that the thesis entitled "**Performance Measurement by Modern Techniques of Corporate Sector Companies in Pune Region**" completed and written by me has not previously formed the basis for the award of any Degree or other similar title upon me of this or any other University or examining body.

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**Place: Pune**

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**Date: 30<sup>th</sup> August, 2010**

## **Abstract**

The booms of vibrant knowledge workers and IT-enabled services, all over the world, have made the corporate sector's working more complex and competitive. Today, the global corporation can be visualized as a 'logical thread of relationships between a multitude of moving parts-ideas, information, knowledge, capital, and physical products. This requires development of relationships, in an organization and its extended networks of collaboration, including suppliers and customers.

The 'new age of innovation' reveals that the key to creating value and the future growth of every business depends on accessing a global network of resources to co-create unique experiences with customers one at a time. This requires harnessing business processes, social and technological architecture to create an ongoing innovation advantage. This certainly demands for a high degree of 'leadership', which has a vibrating effect on motivational effect of the individuals. Innovation ushers-in the talent plus personality.

This is a continuous journey, which requires creative imagination, a passion for value- creation, and the ability to convert concepts into detailed steps. This is the new leadership challenge: recognizing both the here and now and the future. The key message to managers is simple: "Fold the future in". But no organization, know all the future steps ahead of it, when it embarks journey as the whole crux is 'about learning by doing', taking small steps, and consolidating gains as we go along (Prahalad et al.2008). Look at the firm as an engine that must generate profits now and at the same time renew itself to create the capacity for sustainable value-creation growth trajectory.

Thus, it is dire essential that a dogged-determined dynamic leadership be practiced throughout the organization, which should emerge in business transformation. And, this can be achieved to quite a substantial measure by motivational 'leadership scorecard' which will decidedly unleash the brain-power of the personnel of the organization (Phillips, etal. 2009). Leadership development and its manifestations are sure-shot 'building blocks' for achieving the goal of the corporate. In simple terms 'leadership scorecard' can be defined as "a tool to ensure unleashing the brain-power of the individuals for leadership development functions, which is focused on accomplishing objectives that are linked to business strategy of the organization". It helps in deliverance of the full potential of motivated performance and decision-making. Leadership Scorecard like 'Balanced Scorecard (BSC) facilitates improving 'Return on Investment' (ROI) as well as it entails furtherance of job satisfaction as 'holistic full engagement' helping the individuals to more satisfied future career developmental programmes. This also ensures maintenance of talents in the organization.

With above aim in view, the researcher has made an attempt in this work to gather and critically examine the valuable inputs from various representative organizations and educational institutes and carry out a deductive/inductive analysis of the qualitative and quantitative data for arriving at desired organizational excellence. A case study of 'Holistic Engagement Scorecard' (HES) has been briefly discussed.

Today due to wide and vibrant knowledge workers available all over in the corporate sectors and otherwise the management of their knowledge and to bring into synergetic performance, is the major challenge. This requires a

good dynamic and charismatic leader who is conversant with technical education in particular apart from other traits.

Quality, though it is much talked about is a missing link presently in Indian technical education scenario. More so, many technical institutions have cropped up today, during 15-20 years time. But there is a huge shortage of good teaching faculty to cope up with this enhanced infrastructure. This situation has been made more worst because of lack of quality and talented students obtaining in these institutions. Thus, we observe that quality is the fundamental factor to be addressed, than quantity. Quantity going up and quality going down is an alarming situation.

It will also be observed that accreditation process now a day is more static than dynamic. It is generally seen that any institution after getting accreditation became complacent and slack. During the very first surveillance audit, even after a gap of months, the things are not found in that order; which they should be.

The teachers must consider the students as impressionable minds and always human resource for attracting the talented students we must apply a push-pull technique of teaching. Teachers must apply pull technique more and create a conducive learning environment for students.

The teacher who is also a good leader is required today. Leadership is the process of influencing the activities of an individual or a group in efforts towards goal achievements. Leadership has become more challenging today due to availability of mere knowledge workers. Effective manager is a leader. Leadership is based on three programmes like Selection, Challenge and Mentoring. A good and dynamic teacher must possess the leadership qualities for due motivation of students as well as igniting their minds.



Balanced Scorecard regarding teaching-cum-leadership has been suitably discussed. The experiential learning and wisdom are the valuable assets of a leader who should fully apply to his organization for success. Though management can be taught but leadership cannot be taught. It is something like enlightenment and has to be learned through experience.

The researcher has tried to discuss the criticality of the present Indian education system, and how to make it more conducive and creative for young students. Good and innovative teaching techniques have been brought out briefly.

Finally, the study has culminated into two Experiential Learning Models of passionate work culture which will transform into excellent organizations.

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## CONTENTS

<i>Certificate</i>	: i
<i>Declaration</i>	: ii
<i>Acknowledgements</i>	: iii-iv
<i>Abstract</i>	: v-viii
<i>Contents</i>	: ix-xv
<i>List of Figures</i>	: xvi-xvii
<i>List of Tables</i>	: xviii-xx
<i>List of Appendices</i>	: xxi
<b>Chapter 1: Introduction to the Study</b>	<b>: 1 - 12</b>
1.1 General Background	
1.2 The Research Arena	
1.2.1 Organizational Dynamics	
1.2.2 Strategic HR's Role	
1.2.3 Organizational Behaviour	
1.2.4 21st Century Leadership: Passion for Success	
1.3 Objective of the Study	
1.4 Issues Covered	
1.5 Scope of the Study	
1.6 Methodology of the Study	
1.7 Organization of the Thesis	
1.8 Concluding Remarks	
<b>Chapter 2: Literature Review</b>	<b>: 13 - 51</b>
2.1 Introduction	
2.2 Journey to Modern Management	
2.3 Present Trends	
2.4 Conceptual Dimensions of Management	
2.4.1 Human Resource Management	
2.4.2 Human Resource Development (HRD)	
2.4.3 Human Resource Planning (HRP)	
2.4.4 Harvard Framework of HRM	
2.4.5 Strategic HRM	
2.5 Measuring HR Alignment	
2.6 The Strategic Role of HR	
2.7 Improving Business Performance through Strategic HRM	
2.8 Leadership manifestations	
2.8.1 Historical views on leadership	
2.8.2 Leadership Performance	
2.8.3 Leadership Score card – Performance Tool	
2.8.4 Leadership Scorecard Benefits	
2.8.5 The Future of Leadership	
2.8.6 21st Century Leadership	

- 2.8.7 Meaning of Leadership Needs to Change
- 2.9 Indian Technical Education Scenario
  - 2.9.1 Balanced Scorecard and Leadership Challenges of Teachers in the Educational Scenario
  - 2.9.2 Teaching Leadership Challenges in Education
  - 2.9.3 Quality through Push-Pull Technique
  - 2.9.4 Pull environment
  - 2.9.5 Push Environment
  - 2.9.6 Criticality of Modern Day Education System
- 2.10 Performance Measurement System
  - 2.10.1 Trends, Issues and Challenges in Assessing Performance Measurement
  - 2.10.2 Performance Measures
  - 2.10.3 Benefits of Measurements
  - 2.10.4 Importance of Measurement
  - 2.10.5 Foundation for a Performance Measurement System
- 2.11 Performance management
  - 2.11.1 Performance management - framework
- 2.12 Power of Full Engagement
- 2.13 Intelligence Quotient, Spiritual and Emotional Intelligence: Relationship
  - 2.13.1 Emotional Intelligence
- 2.14 Concluding Remarks

**Chapter 3: Modern Techniques of Performance Measurement : 52 - 78**  
**(Balanced Scorecard and Six Sigma)**

- 3.1 Introduction
- 3.2 Balance Scorecard Framework and Function
- 3.3 Balanced Scorecard Approach to Measure Performance
- 3.4 A balanced set of measures
- 3.5 Tie-In to Employee Performance
- 3.6 Benefits of Balanced Scorecard
- 3.7 Comparison of balanced scorecard and self-assessment for business excellence
- 3.8 Failures of the balanced scorecard concept
- 3.9 Ten Reasons for Balanced Scorecard Failures
- 3.10 Building & Implementing a Balanced Scorecard
- 3.11 The HR Scorecard
- 3.12 The Balanced Scorecard and Balanced Performance Measurement
- 3.13 Why Implement a Balanced Scorecard?
- 3.14 Integrating HR into the performance measurement system
- 3.15 Performance Drivers
- 3.16 HR enablers
- 3.17 Aligning the HR architecture with the HR deliverables
- 3.18 Designing the Strategic HR measurement system
- 3.19 Implementing the strategy by using the measures
- 3.20 Seven Step Implementation Model of HR Balance Scorecard
- 3.21 Benefits of the HR Scorecard
- 3.22 Organizational Work Culture

- 3.23 Balance strategic high performance culture
- 3.24 Key Themes of Organizational Dynamics
  - 3.24.1 HR Balanced Score Card
  - 3.24.2 Six Sigma Philosophy
- 3.25 Case study example
- 3.26 Finding of the Study
- 3.27 Concluding Remarks

**Chapter 4: Harnessing of Emotional Intelligence for Transforming Corporate Excellence : 79 - 95**

- 4.1 Introduction
- 4.2 Emotional intelligence (EI)
- 4.3 A Leader with Emotional Intelligence
- 4.4 Recognition of the importance of Emotional Intelligence
- 4.5 Necessity of Emotional Intelligence in Leadership
- 4.6 Modern demands leaders have to meet
- 4.7 Passion, Ambition and Desire
- 4.8 Leveraging Passion and Spirituality to Higher Passionate Work-Culture
- 4.9 Emotional Intelligence: an Inside-out Job
- 4.10 Intelligence Quotient (IQ)
- 4.11 Emotional Intelligence (EQ)
- 4.12 Spiritual Intelligence (SQ)
- 4.13 Relation between IQ, EQ and SQ Intelligence Quotient, Spiritual and Emotional
- 4.14 Types of Intelligence Models
- 4.15 Flexibility to Strategic Flexibility Manifestations
- 4.16 Strategic Flexibility
- 4.17 Improving Business Performance through Strategic HRM
- 4.18 Strategic Competitiveness
- 4.19 Emotional Intelligence (EI) leading to Inspirational Leadership
- 4.20 Concluding remarks

**Chapter 5: Leveraging Leadership Manifestations : 96 - 137**

- 5.1 Fundamental Concepts of Leadership
- 5.2 Managing Vs Leading
- 5.3 What is Leadership?
- 5.4 Review of Leadership Theory
- 5.5 Key Behaviours of Leaders  
(Katzenbach and Smith, 1994)
- 5.6 Solo and Team Leader (Belbin, 1993)
- 5.7 Comparison of Transactional and Transformational Leadership  
(Covey, 1992)
- 5.8 Dispersed Leadership
- 5.9 Transformational Leadership Styles and Behaviours  
(Bass and Avolio, 1994)
- 5.10 Leaders developing leaders

- 5.11 The Changing Meaning of Leadership
- 5.12 Leading the way to tomorrow
  - 5.12.1 Leadership in the new environment
- 5.13 Leadership Reinvented for the 21<sup>st</sup> Century
  - 5.13.1 Key Features of Leadership Reinvented
  - 5.13.2 Thought Leadership – The Essence of Leadership Reinvented
- 5.14 The Leadership Development Imperative
- 5.15 Classical and Contemporary Views of Leadership
- 5.16 Leadership Dimensions
- 5.17 Some Great Contemporary Thinkers
- 5.18 A Framework for Leadership
- 5.19 Creating a Learning Organization
- 5.20 Systems Thinking
- 5.21 Teams bridge the gap between Leaders and Followers
- 5.22 Assessing and Developing Leadership
- 5.23 Leadership Manifestations
- 5.24 Strategic HR Leadership
- 5.25 An Effective Leadership Model
- 5.26 Talent and Leadership Alignment
- 5.27 The Triumph of Humility over Other Traits
- 5.28 New Generation Leadership
- 5.29 Challenges of the Future Leadership
- 5.30 Fifth Generation Leadership
- 5.31 Evolution of Sixth Generation Leadership
- 5.32 Seventh Generation Leadership
- 5.33 Leadership Roles
- 5.34 Leadership Qualities in Seventh Generation
- 5.35 India Centric Leadership
- 5.36 Opening the door – Future dimensions of leadership
- 5.37 Emotional Intelligence ushering into leadership
- 5.38 Concluding remarks

**Chapter 6: Strategic Mapping for Dynamic Performance with HR Competencies : 138 - 166**

- 6.1 Introduction
- 6.2 Conceptual Overview
- 6.3 Origin of Performance Management
- 6.4 Definitions of Performance Management
- 6.5 Principles of Performance Management
- 6.6 Purposes of Performance Management
- 6.7 Purpose of Measuring Performance
- 6.8 Critical elements of good Performance Measurement
- 6.9 Four elements of the Performance Measurement Framework
- 6.10 Basic Factors for Successful Implementation of the Performance Management System Change Management
- 6.11 Alignment of Strategic plan (SP) with all other Management Systems
- 6.12 Organizational Culture and Leadership
- 6.13 Linkage of Performance drivers to Performance appraisal
- 6.14 Reaching Peak of Performance
- 6.15 Objectives and Aspects of PMS

- 6.16 360 Degree Evaluation
- 6.17 The Hawthorne studies – Dynamic motivational approach
- 6.18 Organizational Benefits of Performance Management System (PMS)
- 6.19 Holistic Engagement Score (HES)
- 6.20 The Manhattan Project
- 6.21 Concluding remarks

**Chapter 7: Study Design and Research Methodology : 167 - 182**

- 7.1 Introduction
- 7.2 HR Balanced Score Card
- 7.3 Seven Step Implementation Model of HR Balance Scorecard
- 7.4 Six-Sigma Approach Model
- 7.5 Performance Evaluation
- 7.6 Universe of the Study
- 7.7 Sampling Frame
  - 7.7.1 Sampling Technique and Sample Size
    - (a) Sample Plan for Corporate/Industry
    - (b) Sample Plan for Academic Organizations
- 7.8 Data Collection Tools
- 7.9 Validation of Questionnaire
  - 7.9.1 Face Validity
  - 7.9.2 Criterion Related Validity
  - 7.9.3 Content Validity
  - 7.9.4 Construct Validity
- 7.10 Testing of Questionnaire
- 7.11 Reliability
- 7.12 Practicality
- 7.13 Duration of the Survey
- 7.14 Data Analysis Techniques
- 7.15 Methodology
- 7.16 Qualitative Analysis
- 7.17 Case Studies
- 7.18 Empirical Study
- 7.19 Synthesis and Proposed Framework
- 7.20 Conclusion and Recommendations
- 7.21 List of Selected Organizations
- 7.22 Concluding Remarks

**Chapter 8: Six Sigma Analysis : 183 - 193**

- 8.1 Introduction
- 8.2 Six-Sigma Approach Model
- 8.3 Performance Evaluation
- 8.4 Cultural acceptance of change
- 8.5 Impact of Cultural Acceptance of Change on Performance of Personnel
  - 8.5.1 Case study from corporate sector
- 8.6 Case studies of Educational Institutes
  - 8.6.1 Educational Institute: ABC

- 8.6.2 Educational Institute: PQR
- 8.6.3 Educational Institute: XYZ
- 8.7 Critical evaluation
- 8.8 Discussion
- 8.9 Concluding remarks

**Chapter 9: Empirical Study (Questionnaire Survey)**

**: 194 - 242**

- 9.1 Introduction
- 9.2 HR performance drivers
- 9.3 Balanced Scorecard principles (H-1)
- 9.4 Training and Development
- 9.5 Leadership and Participation
- 9.6 Flexibility and HRM Potential
- 9.7 High Performance Work System
  - 9.7.1 Personnel
  - 9.7.2 Strategy
  - 9.7.3 Compensation
  - 9.7.4 Personnel +Strategy + Compensation
- 9.8 Performance Excellence
- 9.9 Other related issues within the organization leading to effective performance
  - 9.9.1 Leadership Style of leading
  - 9.9.2 Management Techniques
  - 9.9.3 Performance review method
  - 9.9.4 Training Schemes
  - 9.9.5 Type of Organization
  - 9.9.6 Performance appraisal at individual level
  - 9.9.7 Rewards/Compensation/Incentives
  - 9.9.8 Performance appraisal system for Group/Team
  - 9.9.9 'Levers of Control' for improving productivities
- 9.10 Organizational Structure
- 9.11 Work-culture within the organization
- 9.12 Levels of Hierarchy within the organization
- 9.13 Way of communication
- 9.14 Decision Making Within Department
- 9.15 The Decision making practice in organization
- 9.16 Consultative bodies within unit
- 9.17 Vision shared by seniors within the unit
- 9.18 Mission derived by everyone within the unit
- 9.19 Different images or ideas about the mission within the unit
- 9.20 Supervision of people within the organization
- 9.21 Differentiation and Organizational Capabilities
  - 9.21.1 Training and Development
  - 9.21.2 Education & Career planning
  - 9.21.3 Focus of Organization
  - 9.21.4 Organization sensitiveness towards external developments
  - 9.21.5 External climate under which organization function can be characterized
  - 9.21.6 Type of performance appraisal system

- 9.21.7 Self appraisal systems
- 9.21.8 Employees' appraisal
- 9.21.9 Frequency of employee's appraisal
- 9.21.10 Communication of objectives to employees
- 9.21.11 Performance Appraisal system for Team
- 9.21.12 Levers of control for improving productivities
- 9.21.13 Resolution of complaint
- 9.21.14 Summary of all the emerging parameters

**Chapter 10: Synthesis and Discussion of the Results** : 243 - 254

- 10.1 Introduction
- 10.2 Synthesis of the Studies
  - (a) Balanced Score Card Hypothesis (H-1)
  - (b) Six Sigma Hypothesis (H-2)
- 10.3 High Performance Work System (HPWS) model
- 10.4 Holistic Engagement Score (HES) model
- 10.5 Performance Model: Power of Full Engagement and EQ Manifestations
- 10.6 Total Organizational Excellence Model
- 10.7 Concluding Remarks

**Chapter 11: Conclusions and Recommendations** : 255 - 258

- 11.1 Introduction
- 11.2 Summary of Research Findings
- 11.3 Major Recommendations and Implications
- 11.4 Limitations of the Study
- 11.5 Further Suggested Research Work
- 11.6 Concluding Remarks

***Bibliography*** : 259 - 269

***Appendices I & II*** : 270 - 280



## LIST OF FIGURES

Fig. 2.1: Linkage Synergy	16
Fig. 2.2: HRM Dimensions	18
Fig. 2.3: The Harvard Framework for Human Resource Management	20
Fig. 2.4: HR's Strategic Architecture	21
Fig. 2.5: HR Alignment	22
Fig. 2.6: Internal and External Alignment measures on Continuum between HR system and Strategy Map	23
Fig. 2.7: HR and Strategy Implementation	25
Fig. 2.8: Scorecard Strategic Perspectives	37
Fig. 2.9: Quality and Quantity	39
Fig. 3.1: Balanced Scorecard Illustration-Value Creation	55
Fig. 3.2: A Seven-Step Model for Implementing HR's Strategic Role	70
Fig.3.3: A Balanced strategy for a high –performance culture	73
Fig.3.4: Performance of ITM – 2000-2001	78
Fig. 4.1: From Intellectual to Emotional to Spiritual	89
Fig. 4.2: Linkage of Strategy & Tactics	93
Fig. 4.3: Strategy is a continuous process	93
Fig. 4.4: Evolution of four dimensions of Flexibility	94
Fig. 5.1: Effective leadership Model	124
Fig. 5.2: Leadership Model – Shackleton's Way	125
Fig. 5.3: The Level 5 Hierarchy	127
Fig. 5.4: Changing Trends of Leaders	131
Fig. 5.5: Performance Sand dune	132
Fig. 5.6: Leadership Success Multiplier" model	133
Fig. 6.1: The Performance Management Cycle	144
Fig. 6.2: The Performance Management Sequence	151
Fig. 6.3: Stages of Performance Management	153
Fig. 6.4: Arousal levels	160
Fig. 6.5: A Model for Assessing and Designing Job Performance	166
Fig.7.1: Methodology of the Study	178

Fig. 8.1: Performance of Employee (Corporate sector)	187
Fig. 8.2: Performances of Employees (ABC)	188
Fig. 8.3: Performance Appraisal of Staff (ABC)	189
Fig. 8.4: Performances of Employees (PQR)	189
Fig. 8.5: Performance Appraisal of Staff (PQR)	190
Fig. 8.6: Performances of Employees (XYZ)	190
Fig. 8.7: Performance Appraisal of Staff (XYZ)	191
Fig. 9.1: Organizational Structure	217
Fig. 9.2: Work-culture within the organization	218
Fig. 9.3: Levels of Hierarchy	219
Fig. 9.4: Communication	220
Fig. 9.5: Decision Making Within Department	221
Fig. 9.6: Decision making practice in organization	222
Fig. 9.7: Consultative bodies within unit	223
Fig. 9.8: Vision shared by seniors within the unit	224
Fig. 9.9: Mission derived by everyone within the unit	225
Fig. 9.10: Different images or ideas about the mission within the unit	226
Fig. 9.11: Supervision of people within the organization	227
Fig.9.12: Training and development	228
Fig.9.13: Education Leave	230
Fig.9.14: Focus of Organization	231
Fig.9.15: Organization sensitiveness towards external developments	232
Fig.9.16: External climate under which organization function can be characterized	233
Fig.9.17: Type of performance appraisal system	234
Fig.9.18: Self appraisal systems	235
Fig.9.19: Employees' appraisal	236
Fig.9.20: Frequency of employee's appraisal	237
Fig.9.21: Levers of control for improving productivities	239
Fig.10.1: Typology of Institutional Performance Drivers	245
Fig.10.2: Details of personnel before and after training	249
Fig.10.3: Strategic Harnessing of EQ, SQ-Performance model	252
Fig.10.4: A Linkage -Network of Total Organizational Excellence	253

## LIST OF TABLES

Table 3.1: Performance Evaluation: Six Sigma Approach	77
Table 4.1: Relating Leadership Styles to Emotional Intelligence (EI)	83
Table 5.1: Evolution of Management & Leadership (First Four generations)	128
Table 5.2: New Generation Leadership (Fifth, Sixth, Seventh generation)	130
Table 6.1: Details of Components and Related Factors	165
Table 7.1: Performance Evaluation: Six Sigma Approach	170
Table 7.2: Sample Plan (For Respondents)	172
Table 8.1: Performance Evaluation: Six Sigma Approach	185
Table 8.2 (a): Model Summary	186
Table 8.2 (b): Analysis of Variance (ANOVA)	186
Table 8.2 (c): Coefficients	186
Table 8.3: Summary of responses from Educational institutes (ABC, PQR & XYZ)	191
Table 8.4: Summary of Ratings based on Performance (Educational institute)	192
Table 9.1 (a): Model Summary	196
Table 9.1 (b): Analysis of Variance (ANOVA)	196
Table 9.1 (c): Coefficients	197
Table 9.2 (a): Model Summary	198
Table 9.2 (b): Analysis of Variance (ANOVA)	198
Table 9.2 (c): Coefficients	199
Table 9.3: Correlations (Leadership <-> Participation)	200
Table 9.4: Correlations (Interchangeability <-> flexibility/adaptability)	202
Table 9.5 (a): Model Summary	202
Table 9.5 (b): Analysis of Variance (ANOVA)	203
Table 9.5 (c): Coefficients	203
Table 9.6 (a): Model Summary	203
Table 9.6 (b): Analysis of Variance (ANOVA)	204
Table 9.6 (c): Coefficients	204

Table 9.7 (a): Model Summary	205
Table 9.7 (b): Analysis of Variance (ANOVA)	205
Table 9.7 (c): Coefficients	205
Table 9.8 (a): Model Summary	206
Table 9.8 (b): Analysis of Variance (ANOVA)	206
Table 9.8 (c): Coefficients	206
Table 9.9: Correlations performance<-> motivation	207
Table 9.10 (a): Model Summary	208
Table 9.10 (b): Analysis of Variance (ANOVA)	208
Table 9.10 (c): Coefficients	208
Table 9.11: Leadership Style of leading	209
Table 9.12: Management Techniques	210
Table 9.13: Performance review method	211
Table 9.14: Training Schemes	212
Table 9.15: Type of Organization	213
Table 9.16: Performance appraisal at individual level	213
Table 9.17: Rewards/Compensation/Incentives	214
Table 9.18: Performance appraisal system for Group/Team	215
Table 9.19: 'Levers of Control' for improving productivities	216
Table 9.20: Organizational Structure	217
Table 9.21: Work-culture within the organization	218
Table 9.22: Levels of Hierarchy	219
Table 9.23: Communication	220
Table 9.24: Decision Making Within Department	221
Table 9.25: The Decision making practice in organization	222
Table 9.26: Consultative bodies within unit	223
Table 9.27: Vision shared by seniors within the unit	224
Table 9.28: Mission derived by everyone within the unit	225
Table 9.29: Different images or ideas about the mission within the unit	226
Table 9.30: Supervision of people within the organization	227
Table 9.31: Training and development	228
Table 9.32: Education Leave	229

Table 9.33: Focus of Organization	230
Table 9.34: Organization sensitiveness towards external developments	231
Table 9.35: External climate under which organization function can be characterized	232
Table 9.36: Type of performance appraisal system	233
Table 9.37: Self appraisal systems	234
Table 9.38: Employees' appraisal	235
Table 9.39: Frequency of employee's appraisal	236
Table 9.40: Communication of objectives to employees	237
Table 9.41: Performance Appraisal system for Team	238
Table 9.42: Levers of control for improving productivities	238
Table 9.43: Resolution of complaint	240
Table 9.44: Summary of Empirical Study	240
Table 10.1: Details of Components and Related Factors	247
Table 10.2: The subjects' performance listed before and after training	248
Table 10.3: One-Sample Statistics	249
Table 10.4: One-Sample Test	250

## **LIST OF APPENDICES**

Appendix – I	Questionnaire for Empirical Study	270 - 277
Appendix –II	Performa used for Institute case study	278 - 280

# Chapter 1

## Introduction to the Study

### 1.1 General Background

**“Roads are linear, but linear thinking is useless in this world, as world functions in non-linear fashion.”.....Rowan Gibson.**

Most organizations start competitively and later turn out into mediocrity, losing the collective outstanding performance momentum after initial higher achievements. Clear and compelling vision, high efficiency and bold leaderships are few infallible strategic tenets always upheld by dynamic leaders. The sources of growth and high performance allow the companies to excel on their current growth trajectory, i.e. to do more of the same activity better and better over time. The longer time horizons extend the life of its core business, more difficult for managers to sustain the accelerated growth and it is where the ‘fast strategy’ and ‘strategic agility’ with due innovative project road map comes handy for keeping the growth engine of any company keep going regardless.

Fast strategy helps the organization’s green shoots of new business ideas to occasionally push their way up through the compacted soil of management indifference and skepticism - rather very few companies are truly satisfied with their rapid success just at the launch of the business with innovative ideas. ‘Evolvability’ and co-creation of customer value system by imbedding intelligence into design of the products/services is the crux of viable management innovations technique.

The common constant factors for any organization are: leadership, free and open communication & decision-making. These parameters should be inherent, inbuilt and incessant in any organization Organizations need leaders who could not just “do things right” but also “do the right thing.” The challenge of leadership is not what it used to be, today’s demand is “transforming “leaders – those who don’t just solve the problems handed to them, but who help to raise society as a whole to higher levels of motivation and morality.

The environment all over world, under liberalization, globalization and privatization, has created a fast changing business scenario into amazingly new dimensions. The emerging issues on the horizon and the unpredictable changing scenario require the incorporation

of flexibility and adaptability in the organizations. This demands an overall integrated approach, an effective managerial style and generation of many initiatives. The three essential attributes that may assist stimulative initiatives are: 'A free atmosphere (openness)', 'a supportive climate' and a 'loose structure'. This may lead towards achieving a creative/innovative and productive organizational excellence. Today, the global corporation can be visualized as a 'logical thread of relationships between a multitude of moving parts-ideas, information, knowledge, capital, and physical products. This requires development of relationship, in an organization and its extended networks of collaborators, including suppliers and customers. In this regard, we need to make an explicit connection between strategy, business models and business processes.

The 'technological management', strategic HR and the performance are the most dominant factors for measuring the achievements of any organization. In this regards, learning individuals, learning organizations, strategic planning, competitive advantages, ignited minds, unleashing brain-power, flexibility, passionate work-culture etc. are few substantial management buzz words these days. Rapid breakthrough technological changes have to be managed effectively to cope with the ever-eluding business scenario.

## **1.2 The Research Arena**

To achieve the designed/desired productivity goal, a dynamic and 'full engagement' approach of organizational structure amalgamated/galvanized with positive and healthy work culture/environment is needed. This is more so, in the 'fiercely competitive battle-field' conditions obtaining today. As we know that strategically most of the organizations can be broken down to three basic levels. The highest level, the umbrella of corporation is the 'corporate level', the second is 'business level', and the third is 'process level'. The success of 'six-sigma'-philosophy, herein, can be defined as the extent to which it transforms each level of an organization to improve the organizational overall quality and profitability. Six sigma (George Ecke, 2001) further addresses 'change' acceptances and quality production. One important point is to be understood is that although the problems of various private and public sector organizations (including government/semi-government organizations) are broadly more or less same, there are some vital ones, and need to be addressed/understood fully, keeping in mind the productivity aspect. The 'New Age of Innovation', reveals that the key to creating values and the future growth of every business depends on accessing a global network of resources to co-create unique



experiences with customers. Herein, it will be observed that successful HR-minded leaders recognize the potential employee's talent and motivate them to unleash their brain-power, working with 'full-power-engagement', designing a job, for 'holistic engagements' of the employee's gives an upshot performance. In this connection, a 'leadership scorecard' further helps boosting the performance and productivity of the organization. The dire substantial key variables of the organization are business strategy and critical performance variables. These all spans describe range of resources, influence and support for evaluating performance measures and achievements of managers.

Intelligence quotients (IQ) and Emotional quotients (EQ) and their manifestations have been amply described by Daniel Goleman (1998). IQ and EQ are dire essential prerequisite for bringing in positive work-culture in any organization. The passionate work-culture and HR creative drives, once combined with passion and spiritual quotients, it ushers in synergy and unbound potential for better throughput and organizational excellence. The HR creative drives should have inbuilt or otherwise inculcateable and inextinguishable interest in everything he does in the company/organization. The crux of the work-culture is the conversion of passion and purpose into higher denominations by connecting these to Spiritual quotients.

The Balanced Scorecard (BSC), propagated by Kaplan et al (1996) and HR Scorecard (Becker et al, 2001) strategy provides executives with a comprehensive framework that translates an organizations' vision and strategy into a coherent set of performance measures. Thus, it will be observed that flexible management approach then makes understanding of the 'change process' more dynamic and realistic.

### **1.2.1 Organizational Dynamics**

The key factors in organizational dynamics primarily are: environmental forces, strategic choices and technological capabilities. The organizations are made of people and main aim is to 'change'—the attitudinal change—which can be done through subordinate participation, i.e. changing the nature and quality of their working relationships. It has to be a 'planned change' brought about through the people processes in the organization.

Leading people, however, is much more of an art than a science. Great leadership is far more complex than that especially when it comes to leading innovation. The art of Innovative leadership depends on willingness and ability to unshackle the energy, ideas and talents that people can and want to pour into their work with you. Innovative HR

measures should be forward looking, allowing the managers to access and diagnose the process and people capabilities that can predict the future success of the corporation (Kaplan, Norton, 1992).

Today due to wide and vibrant knowledge workers available all over in the corporate sectors and otherwise the management of their knowledge and to bring into synergetic performance, is the major challenge. This requires a good dynamic and charismatic leader who is conversant with technical education in particular apart from other traits.

Quality, though it is much talked about is a missing link presently in Indian technical education scenario. More so, many indiscriminate technical institutions have cropped up today, during 15-20 years time. But there is a huge shortage of good teaching faculty to cope up with this enhanced infrastructure. This situation has been made more worst because of lack of quality and talented students obtaining in these institutions. Thus, we observe that quality is the fundamental factor to be addressed, than quantity. Quantity going up and quality going down is an alarming situation.

The teachers must consider the students as impressionable minds and always human resource for attracting the talented students we must apply a push-pull technique of teaching. Teachers must apply pull technique more and create a conducive learning environment for students. The teacher who is also a good leader is required today.

Leadership has become more challenging today due to availability of mere knowledge workers. Effective manager is a leader. Leadership is based on three programmes like Selection, Challenge and Mentoring. A good and dynamic teacher must possess the leadership qualities for due motivation of students as well as igniting their minds.

Charles Handy (1994) retorts “You cannot look at future as a continuation of past because the future is going to be different. And we really have to unlearn the way we dealt with the past in order to deal with the future”. As per Hammer (2000), “Formulas for yesterday’s success are almost guaranteed to be formulas for failure tomorrow”.

We talk of ‘technology’ as per Drucker (2001), technology is not nature, but humanity. It is not about tools, it is about how people work. It is equally about, how they live and how they think. Rather, ‘technology is an extension of human beings.’ In simple words “technology is anything that humans make, which is very abstract.” Today in 21<sup>st</sup> century ongoing improvement has become increasingly fiercer due to ‘advancing technology’. It is also true that 21<sup>st</sup> century corporations are like game of football and

football teams, every individual or team is focused on the objective, which involves cooperating with others while carrying out their own set of duties. And the final management buzz-word is 'nothing to be taken for granted' unless/until we make it happen. We have to unleash our brain-power and unlock the inbuilt creative potential to maximum. The business landscape today is going through some important changes. The other concept in this millennium is rather 'change from big corporation to smaller units'. Today, it is the small companies who are creating the global economy, not only the Fortune 500. Even these days a small company can be as small as one person. Western Eye Press is a two persons company and is a global player today in Colorado. Outsourcing is buzz word and practiced today. The increased practicing on the principle of time and energy should be the order of the day which is the real accelerator of our life and business scenario. Trust is the foundation of all relationships.

Spiritual combination of working and Spiritual leadership imparts enhancement of HR throughput. The crux of Spiritual leadership is on focusing on others and on organizational success as well as to the Spiritual work-culture. Thus, it is observed that the various manifestations of emotional and spiritual quotients finally impart organizational excellence, which will in turn help in the achievement of the desired goals of the company.

### **1.2.2 Strategic HR's Role**

In modern prevailing business scenario, a firm or organization has to co-create values with customers continuously and introduce changes desired by the customers and apply modifications thereof. HR is shifting from focusing on the organizations of the business to focusing on the business of the organizations by becoming a strategic partner. Today, the intangible asset of human capital is the prime driver of organizational throughput. The intent of the new HR paradigm is to achieve alignment among the strategy, structure, culture of the enterprise.

Strategic HR is passionate about people as the source of organizational success. It's said "If you keep on doing what you have always done, you will keep on getting what you always got." Organizational innovative capabilities rest in the organizing principles and Socio-Economic relationships that exist between people. Focusing on HR strategies and identifying the promotion of a creative environment as a key to innovation. An innovative

intervention needs a strategic HRM as a supportive culture. A strategic HR innovation is much needed tool for developing high quality products.

HR's role is of paramount importance for developing a dynamic and productive organization. The organizational change also warrants a strategic paradigm shift in the thought process of the human resource. The main aim of development of human resource should be not only to 'manage' people but to 'lead' them and exploit their more productive potential and the specific strengths and knowledge for achieving the ultimate goal. Also, as per Porter (2002): "it is not good enough just to be different. You have got to be different in ways that involve trade-offs with other ways of being different. We have to rethink globalization and, recalibrate economies". We have to 'think locally' and 'act globally' retorted by Naisbitt (2002). The main impact of globalization is that it is creating more hazards and more opportunities for everybody, hazards in terms of a more volatile environment and more competition. And opportunities in terms of more markets and bigger markets. This truly brings out focus on leadership: as it is only through leadership that true development and nurturing a culture which is adaptive to change can be achieved. The 'action plan' and process mechanism of human resource can only transform/convert input into output culminating in real throughput or productivity. And for this alongwith other traits/techniques we have to heavily bank upon, and resort to 'flexible system management'. Strategic HR should work as a 'force-multiplier' in present day business scenario.

### **1.2.3 Organizational Behaviour**

The human behaviour is a function of values, belief and faith. 'Trust', environment, nature and economic incentives have motivational and behavioural dimensions of an individual. Rather these provide a basic philosophy for achieving success, and also provide a common platform for direction/guidelines for individual's day-to-day behaviour. Also, the group behaviour differs and that's why organizational behaviour (OB) is essential to know as human psyche and how he works collectively in the organizations/companies. It is essential that apart from individual behaviour, if they are working in groups have shared values, interpersonal relationship and work in a 'mission-mode' for desired productivity.

For 21<sup>st</sup> Century leader apart from having the leader's traits a leader also has to continually reinvent, redesign and recompose his leadership style all the time. To have an

incredible performance executive have to have extraordinary adaptability/flexibility. A leader should continue to 'learn'—be a student all the time and should be prompt 'decision-taker'. As per Kotter (2002), he shortly defines “management as to cope with complexity” and leadership is to cope with change. Other ingredients he has mentioned in his famous book 'what leaders really do'. Thus, also opined by Bennis (1994) that tomorrow's leader will have to learn how to create an environment that actually embraces change, not as a threat but as an opportunity. The major challenge for leaders in the 21<sup>st</sup> century will be how to release/unleash the brain-power of their organizations. In this regard performance models have been developed in the present work for converting the organizations into a 'passionate organization'. For doing this, a leader must create and have a 'shared vision with meaning'. Thus, we observe that by creating a 'shared sense of meaningful purpose', the power of an organizations, will be 'shared sense of purpose', and it can achieve anything. A word of caution, lot much has been said about leadership; 'followership also has to be practiced and one has to decidedly think a goal and purpose beyond oneself—organizations are greater than individuals'.

#### **1.2.4 21st Century Leadership: Passion for Success**

If we examine the statistics of the performance of companies operating in India during the last decade, we will notice that a large number of companies had dwindling performance and slipped to lower ranks on various performance parameters, while during the same period a few companies not only sustained but also surpassed many others to achieve much higher rank.

Passion and Commitment for Ambitious Goals and Urge for Supremacy was reflected in clearly spelt out highly ambitious goals to be among the best and leading organizations in the industry. The passion and commitment of the leadership, energy and excitement to achieve such ambitious goals, and the deep urge for supremacy were felt across the organization. These were the driving forces that distinguished these companies. Their passion for success and ambitious goals were unlike and distinctly different from the 'marginal growth and survival paradigm' of most other organizations. They were dynamic, in the sense that they were highly energetic, willing and able to change to meet the new challenges and requirements. One common thread clearly visible in all outstanding organizations was people-centric and team oriented leadership. More than on any other resource, they bet on the talented people.

A very high priority was given to search, attract, retain, develop and leverage the talent and leadership across the organization. The style of leadership generally was more personal, open, persuasive, and role-modeling, rather than impersonal, rigid, command and control, or bureaucratic. There was, at the same time, no compromise on performance and results. They initiated, valued, supported, and institutionalized innovativeness in products, processes, and all other aspects of management.

And also, fifth level leadership of Jim Collin's (2001)–Humility–Management by Human Values. For tackling newer technology and changing business landscape some of the newer concepts of quality and management have been attempted as below to achieve better throughput/performance:

1. Six-Sigma philosophy/technique
2. HR Balance Scorecard (BSC) method

In both the above concepts/techniques, it will be observed that training for the individuals is essential for meeting the probable date of completion (PDC) of any project/programme. All the management gambit/practices start with 'self-management'. The concept of 'Six-Sigma' is one tool, which may, help in this direction. As is well known, there is no perfect person and a perfect system, therefore a perfect or nearly perfect organization has yet to be evolved. Decision-making is the crux of a leader and top-managerial job, Balance Score Card (BSC) technique can measure the performance of people and thus a very important and promising tool now a days in our hands. Jack Welch (2005) along with six sigma has utilized BSC method for achieving amazing results in GEC (General Electric Company).

Thus, we observe that in designing a new organization, one has to ask for its aim, objective, 'purpose, environment-external/internal linkages etc. Some of the following ingredients may require full attention:

- Organizations should be in harmony with individuals' objective and vice-versa.
- Organization which can be controlled.
- Delegation of authority as much possible.
- Shortest possible time of communication.
- Smallest possible allocation of resources to overhead activities.
- Flexibility inbuilt and inherent to cope with the 'change'.

In the present work, some of the above ingredients of good management organizational dynamics of culture and strategic HR developmental aspects have been attempted, analyzed logically and suitably presented. With flexible system management tools, it has been felt that such a tailor-made organization and HR practices can be formulated to give maximum throughput and productivity in the future. Some ground truths and performance measuring techniques support these results.

To achieve excellence, probably we may require a 'leader of leaders'. They will decentralize power and democratize strategy and involving a rich mixture of different people from inside and outside the organization in the process of inventing the future. Rethinking the future is a never-ending process-tomorrow will always be a moving/fleeting target—which means we have to start all over again.

### **1.3 Objective of the Study**

#### **Objective: 1**

To study the impact of HR performance drivers for achieving organizational excellence.

#### **Objective: 2**

To study that whether organizational culture impact on the employees motivation or not.

#### **Objective: 3**

To study the impact of cultural acceptance of change on employees performance.

### **1.4 Issues Covered**

Some of the broad issues taken up in this study are:

- (i) Ingredients of good organizational dynamics/culture to be studied.
- (ii) HR developmental aspects to be critically examined, training norms and performance appraisal evaluated for better productivity of the organization.
- (iii) Identification of drawbacks in few organizational case studies for its structure/culture and human resource angle.
- (iv) Flexibility in HR practices enhances the motivations and commitment of employees in a dynamic environment.
- (v) For evaluation of organizational excellence principles and propositions have been included. These are: Six Sigma and HR Balance Score Card (BSC).

- (vi) Appreciating such other problems and suggesting a dynamic organizational structure/culture and a successful productive HR developmental practice-culminating in a study model.

### **1.5 Scope of the Study**

The scope of the study is restricted to the organizations in Indian context. The following parameters are taken up for study:

- (i) Focus More on monitoring and guiding the strategy of a company , using the balanced scorecard
- (ii) Techniques for better measuring innovation, employee capabilities, information system alignment, climate and culture within the organizations.
- (iii) Identifying the drawbacks/limitations in educational institutions which are hindering for quality teaching.
- (iv) Role of flexibility in management - Organization flexibility
- (v) More focus has to be imparted or given to teaching-learning process
- (vi) Better techniques for Performance improvement to be evolved.
- (vii) Resistance to acceptance of cultural change

### **1.6 Methodology of the Study**

The research methodology encompasses the following aspects in an interactive and integrative manner to carry out the study:

- (i) Detailed questionnaire surveys to obtain primary, data from Senior Managers ,Managers, Executives, Senior Supervisor and Supervisor in various organizations large, medium and small set ups.
- (ii) Interviews with top management to synthesize their creative thinking towards performance management system.
- (iii) Evolving flexibility and other evaluation techniques for organizational excellence & HR productivity.



### **1.7 Organization of the Thesis**

The thesis has been divided into eleven chapters. **Chapter one** deals with the objectives of the study, identification of research work and inherent key issues. Finally, it outlines the research methodology.

**Chapter two** deals with literature review and some central themes of leadership and other propositions briefly. It also covers HR Architecture, historical background of management and emerging modern trends in HR. Apart from briefly discussing HRM dimensions it also covers HR measuring and its alignment aspects and integration into a business performance system.

**Chapter three** exclusively deals with Balanced Scorecard and Six Sigma as its central theme and its manifestations 'Performance' is the only one single-most dominant factor, which is inbuilt and is inherently found in all the issues of management. This is the one determinant which leverages ultimately Human Capital, co-creation of value system into an organizational excellence. This chapter also briefly covers various manifestations of performance measurement and management.

**Chapter four** deals with harnessing of Emotional Intelligence for transforming corporate excellence. This chapter also briefly covers various manifestations of intelligence and emotional quotients.

**Chapter five** deals with leadership manifestations. The study includes fundamental concepts of leadership, creating a learning organization, Emotional Intelligence ushering into leadership and much more.

**Chapters six** deals with strategic mapping of performance for HR competencies alongwith teaching-learning process leading to effective performance

**Chapter seven** study design and evolution of research plan. Herein two hypothesis are evolved namely (i) HR Balance Score Card (BSC) and (ii) Six Sigma. Then it describes methodology of entire study culminating into synthesis and proposed study framework.

**Chapter eight** deals with case-studies bringing out revealing findings from the institutes. The evolving thought process from the studies suggests workable HR performance drivers for achieving organizational excellence.

**Chapter nine** deals with empirical studies (questionnaire analysis). This chapter brings out revealing findings from the selected organizations. The evolving thought process from the studies suggests workable HR performance drivers for achieving organizational excellence.

**Chapter ten** deals with synthesis and discussion of results of the entire study. The dominant issues influencing the success of emerging determinants, their linkage maps have been evolved. The emerging determinants reveal that adequate interchangeability, continuum management and HR flexibility exists in the organizations. The linkages significantly provide and successfully correlates/co-creates the human capital values as well as HR performance drivers and evolves into four powerful performance models for achieving organizational excellence.

**Chapter eleven** presents a summary of the major findings and the recommendations for implementation of high performance work practices (HPWP). The significant research contributions made in this work have been highlighted and the limitations of the study are also brought out. Specific suggestions have been made regarding possible areas of future research work. It is hoped that this research work may provide an efficient-framework and platform for the various organizations for imparting them much needed upshot in the work-culture.

### **1.8 Concluding Remarks**

In the present study, some ingredients of good organizational dynamics/culture and HR developmental aspects have been attempted under changing business scenario and analytically presented. Identification of flexibility needs and creating flexibility in management systematically for higher productivity has been attempted. Development of a few case studies of educational institutes, large and small size organizations and also successful and failure aspects have been discussed in an interactive and integrative fashion for enhancing productivity. While evaluating organizational excellence, other principles and propositions like Six Sigma have also been attempted, analyzed and learning issues for passionate work-culture brought out. Finally, the study culminates into few innovative measures of essential determinants for achieving organizational excellence.

Eventually, it will be observed from the present study that this research methodology and findings may help in better functioning of the organizations and may provide a good platform for further specific research activities in more detail. A review of the literature on related aspects of the study is presented in the next chapter.

## Chapter 2

### Literature Review

#### 2.1 Introduction

The earlier and modern management fundamental tasks remains the same: to make people capable of joint performance through common goals, common values, the right structure and the trainings and development they need to perform and to respond to ever changing trends. The historical background of management origin is very interesting. When Karl Marx was penning down for his great work on “Das Kapital” during 1850’s, the phenomenon of management in truest sense obtaining today was unknown. This was also reflected on the enterprises run by few managers.

Then during the early period and especially on the threshold of World War I & II, the management thinkers became more aware of management’s existence. Some of the most celebrated among early great management thinkers/contributors are: Chanakya or Kautilya (Arthashastra), Socrates, Plato, Henry Fayol (earliest Administrative Theorists), Woodrow Wilson (Wilsonian Dichotomy), F.W. Taylor (Pioneer of Scientific Theory), Elton Mayo (Industrial Sociologist-human behaviour and Motivational Theory), Abraham Maslow (Needs and Wants Theory), Douglas McGregor (Theory X and Y), Fredrick Herzeberg (Motivational aspects), Chris Argyris (Organizational Development), Rensis Likert (Group Objectives), Harold Koontz (Management Concept), Peter F. Drucker (US Management Guru) and many modern management experts like, Peter Senge, Stephen Covey, Alvin Toffler, Michael Porter, C.K. Prahalad, Gary Hamel, Michael Hammer, Eli Goldratt, Philip Kotter, John Naisbitt, Warren Bennis, John P. Kotter etc. are substantially shaping the present and future business scenario.

In this chapter, apart from evolution of management, modern management trends have been briefly included. HR architecture, HR strategic functions and HR systems have been discussed. Organizational development (OD), organizational excellence and allied aspects have also been covered. Finally, Six Sigma and HR Balanced Scorecard (BSC) have been discussed as powerful HR performance tools for achieving organizational dynamics.

## **2.2 Journey to Modern Management**

Probably, the first ever organized business school, was established over hundred years before, in 1881, the *'Wharton School'* at the University of Pennsylvania and later others, London and Manchester School followed suit and many in USA and UK and other countries. In India on the pattern of Harvard Business School (HBS) and MIT (Sloan), IIM Ahmedabad, IIM Calcutta etc. and later IIM Bangalore, IIM Lucknow, IIM Cochin, IIM Indore, and many others started with XLRI, Jamshedpur for personnel management since 1961 onwards. In India, initially it was a *'family run'* business, and then presently it is professionally managed business corporate sectors/ institutions have come up for imparting formal education in management. Today, India can be legitimately proud of the professional management competencies as well as facilities, available for management education and specialized research. Later on, also various IITs, and some specialized institutes in specific fields imparting management and its technological aspects of education have come up.

Thus, we can observe that modern management has realized that in reality the systems are faced with instability and turbulence more rather than stability, which was the focus in the traditional management. Therefore, the crux of modern management is or should be to develop approaches to handle chaos and generate order out of the uncertainties. In all this, like *'man behind machine'*, the people that is *'human resources'* are going to impart the much needed desired flexibility (Drucker, 2001).

## **2.3 Present Trends in Management**

Some newer technology which has today created substantial dent in molding management is: Six-sigma philosophy and Balance Scorecard (BSC) technique. Before we discuss, these alongwith *'organizational excellence'* for achieving maximum throughput of the organizations, Peter F. Drucker has given some salient points about modern day management in his last work of *"The Essential Drucker"*, (Drucker, 2001). These are:

- Management is about human beings: Its task is to make people capable of joint performance, to make their strengths effective and their weaknesses irrelevant.
- Because management deals with the integration of people in a common venture, it is deeply embedded in culture.

- Every enterprise requires commitment to common goals and shared values.
- Management must also enable the enterprise and each of its members to grow and develop as needs and opportunities change.
- Every enterprise is composed of people with different skills and knowledge doing many different kinds of work—it must be built on communication and on individual responsibility. All members need to think through what they aim to accomplish- and make sure that their associates know and understand that aim.
- Neither the quantity of output nor the “bottom line” is by itself an adequate measure of the performance of management and enterprise. Market standing, innovation, productivity, development of people, quality, and financial results—all are crucial to an organization’s performance and to its survival.
- Finally, the single most dominant factor to reckon is to remember about any enterprise is that ‘results exist only on the outside’. The result of a school is a student who has learned something and puts it to work 10 years later. Inside an enterprise, these are only costs.

## **2.4 Conceptual Dimensions of Management**

Before, we embark upon some newer and modern management techniques, where business enterprises and public-service institutions as well function; there are three essential tasks (Drucker, 2002).

- Establishing the specific purpose and mission of the institution, whether business enterprises, hospital or university.
- Making work productive and the worker effective.
- Managing social impacts and social responsibilities.

Enterprises and institutions are finally organs of a society. An *institution* exists for a specific purpose and mission—it has a specific social function. In the *business enterprise*—this means economic performance.

### **2.4.1 Human Resource Management**

Today the knowledge workers boom, learning individual/organizations, virtual organization and emerging HR trend, quality of worker life, TQM, EQM (Experience Quality Management) and HR functions, power of full engagement, HR score card etc.

are much talked about. 'Man behind the machine' is old dictum'. E-business, e-commerce, e-intellectual property rights and even e-enlightenment etc. are talked about. Even in this e-era a computer industry veteran ENZO TORRESI once observed: "The only reason God was able to create the universe in six days was because he did not have to worry about the installed base". (Sawhney et. al, 2001). The main challenges of HR functions have become more complex due to increase in education, easy availability of knowledge-workers-technological changes etc. The main crux of HR functions is thus, how to manage change and how to unleash/release the brain power of the people of the organization.

Before we embark upon emerging trends in HR, its strategical aspect, let us define what are HRM, HRD, HRP and HR Functions. In fact, modern HR functions, comprises all the above topics and HR Audit, HR information system etc.

Whole gambit-game plan of HRM or HR functions are (Refer Figure 2.1):



**Figure 2.1: Linkage Synergy**

Some of the definitions of the generic terms are given below:

**HRM:** "Human Resource Management" is the planning, organizing, directing and controlling the operative functions of procurement, development, compensation and maintenance of human resource of an organization's goals or objectives.

**Strategic HRM:** "Strategic Human Resource Management is the linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility."(Dessler, 2002)

HR strategies refer to the specific HR courses of actions the company plans to pursue to achieve its aims. Also, HR is a strategic partner in that HR management works with other top managers to formulate the company's strategy as well as to execute it.

## **2.4.2 Human Resource Development (HRD)**

“Human Resource Development” is a continuous process to ensure the development of employees’ dynamism, effectiveness, competencies and motivation in a systematic and planned manner” (Pattanayak, 2001).

People are the most important and valuable resources of any organization. HRD aims at preparing people for performing roles, tasks or functions which they may be required to perform in the future as they go up on the organizational hierarchy or as the organization takes up new tasks through diversification, expansion and modernization. HRD also promotes team building, collaborative climate and tries to develop the potential of employees for likely future jobs/roles in the organization: HRD aims also, at identifying ‘*competency gaps*’ of employees and train them for present roles/activities and essentially motivating and leading them to perform the requisite jobs.

## **2.4.3 Human Resource Planning, Manpower Planning or Employment Planning**

“Effective human resource planning is a process of analyzing an organization’s human resource needs under changing conditions and developing the activities necessary to satisfy these needs” (Pattanayak, 2001).

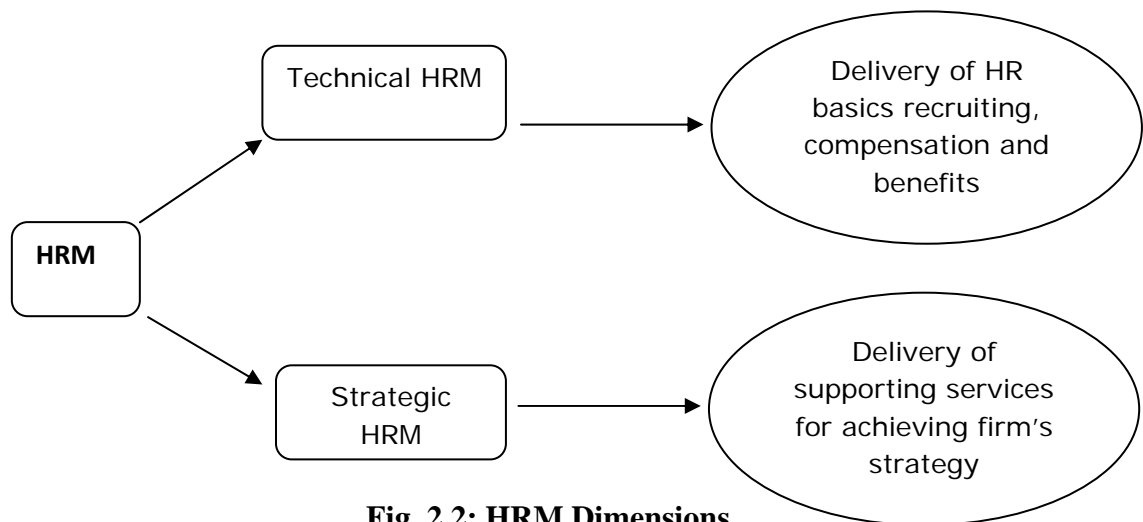
“HRD is the process by which an organization ensures that it has the *right number* and kinds of *people*, at the *right place*, at the *right time*, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives” (DeCenzo and Robbins, 1989).

Thus, it is observed that HRP defines the balance of demand and supply of human resource in the organizations, training and development (T&D) play an important role in instilling the culture while goal setting and appraisals make the culture performance oriented and enable it to operate with predictability, reward management reinforces the culture and succession planning helps in maintaining the culture. *Retention* of human resources today is considered more important than earlier notion of *productivity*. Integration of HRP with corporate strategy is a must with profit-oriented and quality-oriented pragmatism.

HRM can be defined as a strategic and coherent approach to the management of an organization most valued assets the people working (intangible asset) there who individually and collectively contribute to the achievements of its objectives.

The functional aspects of HRM are:-

1. It emphasizes the need for strategic fit – the integration of business and HR strategies.
2. Importance is attached to strong cultures and values.
3. It is ‘commitment-oriented’ towards organization’s mission and values.
4. It is a top management driver activity.
5. The performance and delivery of HRM is a line management responsibility.
6. Organizing principles are organic and decentralized, flexibility and team buildings are important.
7. Rewards are differentiated according to performance, competence, contribution or skill.



**Fig. 2.2: HRM Dimensions**

The most important functions of HRM are: (Dessler, 2002)

- (i) Acquisition: Recruitment, selection and socialization.
- (ii) Development: This comprises of Attitude, Skill, Knowledge (ASK) development, management (including T&D) development, career growth etc.



(iii) Motivation: Job satisfaction, performance appraisal, simulation compensation etc.

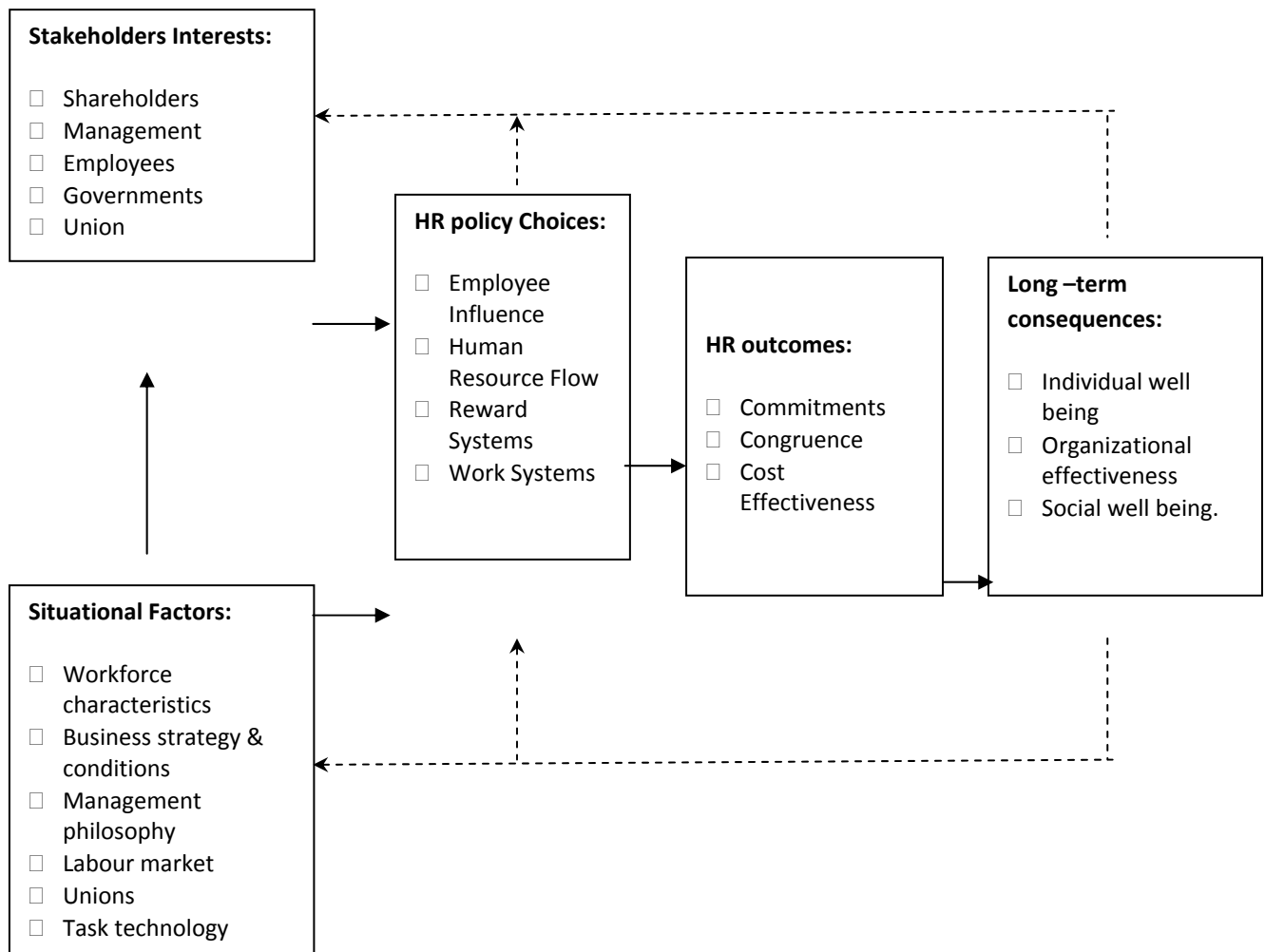
#### **2.4.4 Harvard Framework of HRM**

Beer et al (1984) has tried Harvard framework for functional HRM based on problems of personnel management as well as strategic HR perspective. The framework emphasis on line manager, personnel managers and three important HR drives like strategic integration, high commitment, high quality as well as strategic flexibility.

Further, Walton (1985), Boxall (1992) David Guest (1991), Karen Legge (1998) have offered their view points for further refinement and specifying the following policy goals:

- (a) strategic integration
- (b) high commitment
- (c) high quality
- (d) Flexibility and
- (e) The pursuit of competitive advantage

A fulsome Harvard Framework for HRM has been depicted in the Fig.2.3, which is self explanatory, (Armstrong, 2008).



**Figure 2.3: The Harvard Framework for Human Resource Management**

**(Source: M.Beer, B.Spencer, P.R. Lawrence, D.Quinn Mills, R.E.Walton, Managing Human Assets, The Free Press, 1984.)**

### 2.4.5 Strategic HRM

In the modern era organizations are increasingly looking at HR as a unique and valued asset that ushers in sustained competitive advantage. At same time, the fast changing business scenario with increasing globalization, changing demographics of the workforce, technological changes, intellectual capital never ending organizational changes leads to increased importance of managing human resources. Herein, strategic HRM can be simply defined as “a general approach to the strategic management of HR in accordance with the intentions of the organizations on its future direction it wants to take.”

Strategic HR is passionate about people as the source of organizational success. It's said "If you keep on doing what you have always done, you will keep on getting what you always got."



**Fig: 2.4 HR's Strategic Architecture**(Source: Becker et.al,2001)

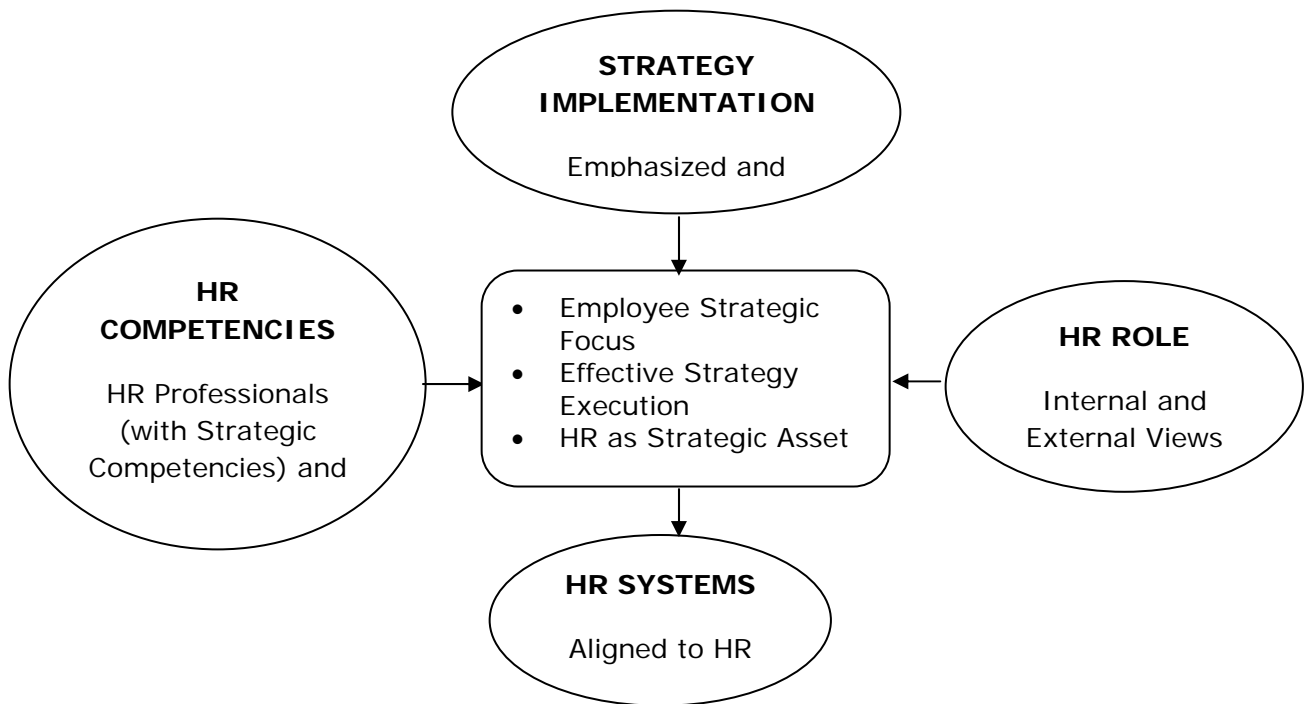
Organizational innovative capabilities rest in organizing principles and Socio-Economic relationships that exist between people. Focusing on HR strategies and identifying the promotion of a creative environment as a key to innovation, an innovative intervention needs a strategic HRM as a supportive culture.

Strategic HR innovation is the much needed tool for developing high technological products. (Govindrajan et.al, 2007). Strategic innovation can deliver breakthrough growth of an organizational product trajectory. It may be linear or non – linear in nature. A non-linear change creates high growth opportunities but at the same time it can also threaten established business. ‘Innovations’ and ‘Innovator’s Dilemma’ have been very well covered by Clayton M.

### **2.5 Measuring HR Alignment**

In any corporate sector it can be emphasized that for human resources legitimately to be productive, requires two dimensions of HR alignment–HR Architecture and ‘Firms strategy implementation process’ to be aligned to become a strategic asset.

These dimensions provide the foundations and focus for developing actual alignment metrics. The strategic HR system is designated not from the *bottom-up* (i.e. ‘best practices’) but from the ‘top-down’.

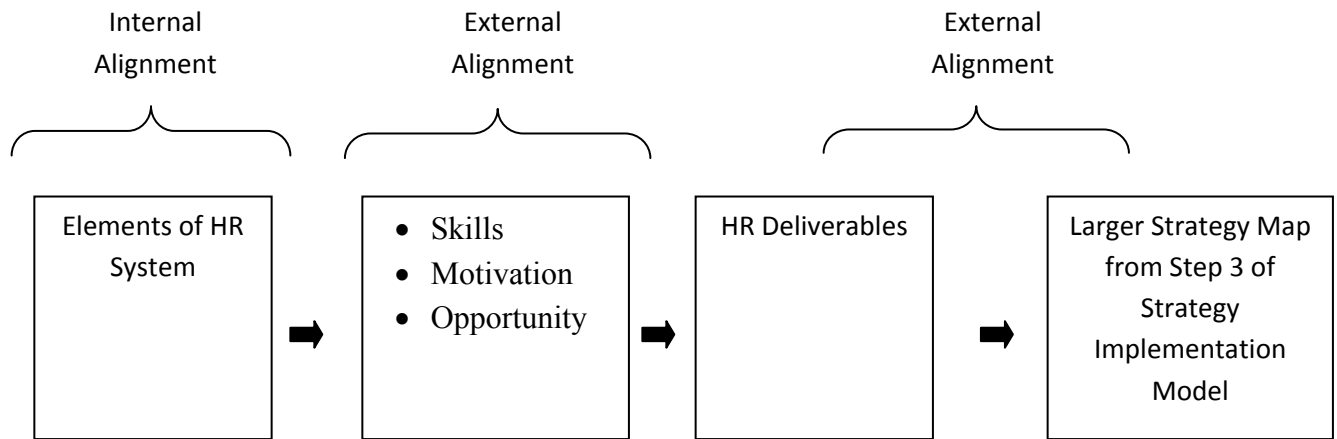


**Fig. 2.5: HR Alignment**  
*(Adapted from Becker et. al., 2001)*

Figure 2.5 depicts a desirable/ suggested HR alignment where in the *horizontal line (axis)* depicts a dimension of alignment within the HR Architecture that influences the overall development of human resources as a strategic asset. “HR Role” designates the degree to which HR professionals in an organization perceive themselves as strategic partners and the extent to which managers outside HR share the same view (Becker et. al, 2001).

The Figure sums up that if an organization expects to develop HR as a strategic asset, it needs to think about alignment in *two* ways.

The first is the alignment between the HR system that produces key HR deliverables and the requirements of the firm’s strategy implementation system. Second, is the alignment between the role expectations for the HR function and the individual competencies required to put that role into action.



**Fig.2.6: Internal and External Alignment measures on Continuum between HR system and Strategy Map**

Together, both types of alignment produce a strategically focused workforce, which drives superior strategy execution and, ultimately, shareholder value.

### **2.6 The Strategic Role of HR**

As people become the key competitive advantage in any industry especially banking, the human resource (HR) development function will and should play a more strategic role. It should go beyond its mere administrative support function to operations and front line departments. Whether or not company views HR strategically may decide whether market share, sales, or profits would increase or not. An effective HR strategy becomes equally decisive as the company's marketing strategy.

Technology too is changing HR roles. As industries, specifically the banking industry, and the way they compete become knowledge-based, HR performance indicators will shift from manpower and man-hours supplied to brainpower and brain hours delivered. The key result areas in people management will also shift from production and quantity to productivity and quality. Capability, measured in employee ideas generated and implemented, and productivity gained, will be more important than capacity, measured in man-hours available, man-hours lost, absenteeism, etc.

The current HR function is very much configured like the company's purchasing department. People, like parts and supplies, are requisitioned by user departments based on depletion and growth rates of their operations. Both resources are screened for quality control and cost or budget constraints. The only slight difference is that unlike

purchased parts, people are trained or prepared before they are sent to the requisitioning parties which may train them further before actual deployment or usage. HR is also involved in the replacement, termination and retirement process of unusable people assets, much like the handling of depreciated equipment. In short, most HR systems exist only for replenishment and maintenance of a resource called people.

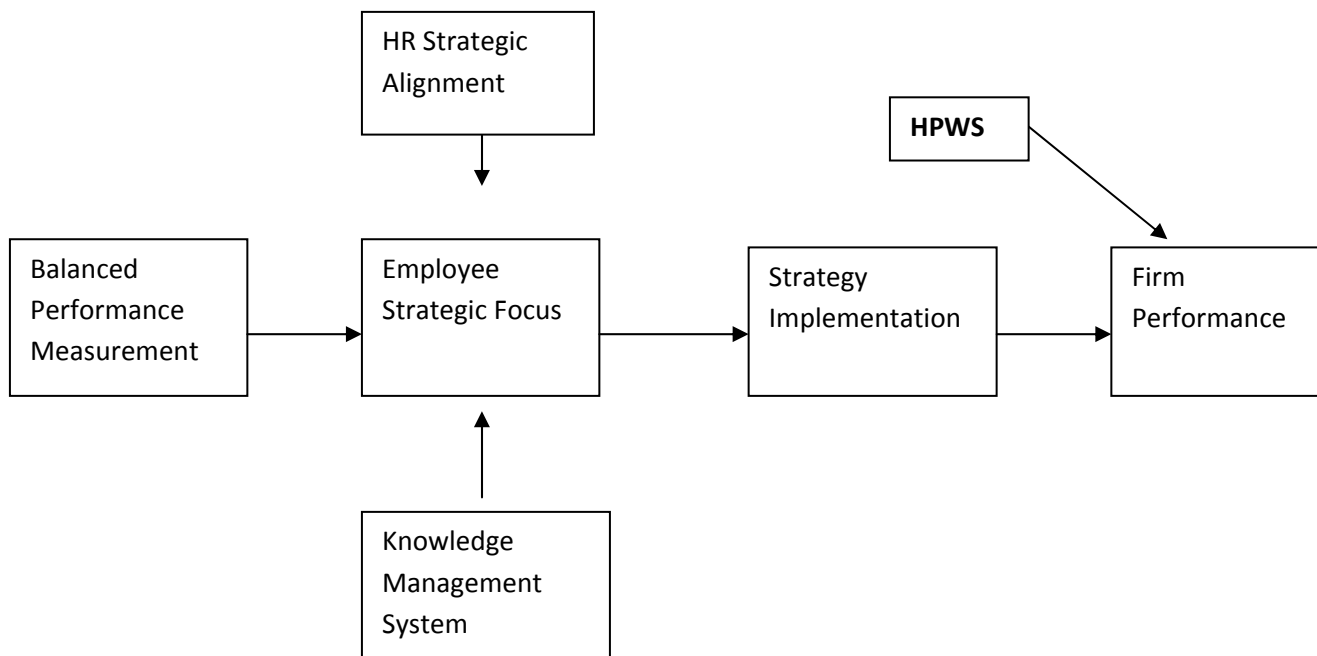
Strategic HR does not abandon these administrative responsibilities. Otherwise, no other department in the company will carry out these “operations-sustaining” activities. But its main task is to participate in corporate strategy rather than support administration. Strategic HR is more proactive rather than reactive in its relationships with the other functional areas. It is more concerned about what its internal customers need in the future to compete globally. Strategic HR managers do not wait for instructions, requisition or complaints. It does research on the future, and offers proactive solutions and strategic advice.

Strategic HR is preventive rather than corrective or punitive. It is developmental in orientation. The conventional HR function is the dispenser or implementers of justice and protector of corporate assets. It views employees as resources not be wasted rather than strategic resources to be developed. Strategic HR aims to create a working environment conducive for employees to do things right the first time. It aims to prevent mistakes rather than punish them.

Strategic HR is output driven rather than input oriented. For instance, training results are measured not in terms of training hours or number of trainees per year, but in terms of improvement in the trainee performance attributable to the training. Performance improvement can be in terms of productivity, efficiency, quality of work (defects), customer satisfaction or conversely, number of customer complaints received. Strategic HR personnel are concerned with these results as much as the operating departments it serves. In spite of the fact that output results are more difficult to measure than input deployed, strategic HR aims to find ways and means to directly and indirectly measure these more accurate metrics of its success and effectiveness.

Strategic HR is mainly pre-occupied in molding the employees of the future today. For organizations to survive and excel in the future, its needs to develop or acquire employees who are multi-skilled, cross-functional, empowered, team players. In addition, they have to have high emotional intelligence (EI or EQ) and capable of

thinking “out of the box” about the future. They should be capable not only of improving their work, but reengineering or reinventing it if necessary. Front liners, who are engaged in millions of “moments of truth” meeting customers, must have superior flexibility, resourcefulness, and excellent memories especially if their task requires greeting customers by their first or last names. Strategic HR keeps these employee attributes as its goals while conducting its basic processes of recruitment, training, job rotation, career patching, and performance appraisal.



**Fig.2.7: HR and Strategy Implementation**

Strategic HR aligns performance criteria systems with corporate goals and strategies rather than traditional functional concerns. It includes in performance criteria of both rank and file employees and managers those that will enable them to contribute to corporate goals. Most traditional HR performance appraisal systems basically gauge how well a subordinate satisfied his boss or superior during the appraisal period. This degree of satisfaction may or may not be related to how well the employee contributed to corporate goals. Most of the time, it does not. For this reason, conventional performance appraisal has become a highly politicized, controversial, wasteful exercise that creates more disharmony than teamwork in the organization. Strategic HR appraises people on the more relevant output performance like quality, productivity,

internal and external customer satisfaction. If negative criteria are used, these become defects or rework, wastes, and internal and external customer complaints or returns. In banking, performance appraisal may include lost calls, closed accounts, queuing time, clerical errors, and ATM downtime and improvement projects. Strategic HR aims to change employee behavior and attitude by directly connecting his appraisal (and eventually his pay) to what actually matters to corporate performance and customer satisfaction. It puts less weight on nebulous criteria like teamwork, attendance, boss satisfaction, and neatness.

HR is no longer a backroom or support function. It is in the forefront of corporate strategy, much like sales and marketing. It provides and determines competitiveness to an ever increasing degree. All other things being equal – financial, physical, and product assets – people will make the difference between two competing companies. Strategic HR can make this difference happen.

### **2.7 Improving Business Performance through Strategic HRM**

Today the human resource plays a major role in organizational performance. The major activities of resource management are tuned towards strategic exhibits of the organization. The strategic HR incorporates its core performance from the inception of its policies till its implementation of all the HR practices is routed to achieve high performance work system.

Organizational performance is the outcome of various aspects like profitability, market share technology, culture, common team effort, sufficient skilled work force, required benefits, necessary development programs, visionary leadership, internal communication, peaceful relations, grievance handling, constructive challenges like adopting the global business, embracing technology, managing change, developing intellectual capital, managing diversity, creating work environment to get most from employees, contribute to their needs, achieving the short term and long term goals of the organization.

Every organization has its own strategies in improving performance; however there are some general practices to support the organizations for the effectiveness of high performance work system. The principles used are shared information, knowledge development, performance linkage and egalitarianism. Thus Policies, Practices and



People are the three Ps primarily very important for the organizations towards its productivity and organizational excellence.

## **2.8 Leadership manifestations**

*“Leaders go first. They set an example and build commitment through simple, daily acts that create progress and momentum.*

*Leaders model the way through personal example and dedicated execution”*

***James Kouzes & Barry Posner***

*“Our position as a manager is confirmed by the organization, but our role as a leader is ratified in the hearts and minds of those whom we lead”.*

***Professor John Adair***

### **2.8.1 Historical views on leadership**

Sanskrit literature identifies ten types of leaders. Defining characteristics of the ten types of leaders are explained with examples from history and mythology. Aristocratic thinkers have postulated that leadership depends on one's blue blood or genes: monarchy takes an extreme view of the same idea, and may prop up its assertions against the claims of mere aristocrats by invoking divine sanction: see the divine right of kings. Contrariwise, more democratically-inclined theorists have pointed to examples of meritocratic leaders, such as the Napoleonic marshals profiting from careers open to talent.

Leadership is a matter of intelligence, trustworthiness, humane, courage, and discipline. Reliance on intelligence alone results in rebelliousness. Exercise of humaneness alone results in weakness. Fixation on trust results in folly. Dependence on the strength of courage results in violence. Excessive discipline and sternness in command result in cruelty. When one has all five virtues together, each appropriate to its function, then one can be a leader. Other historical views of leadership have addressed the seeming contrasts between secular and religious leadership.

Leadership has been described as the “process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task”. A definition more inclusive of followers comes from Alan Keith of Genentech who said "Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen."

Leadership is one of the most relevant aspects of the organizational context. However, defining leadership has been challenging.

### **2.8.2 Leadership Performance**

In the past, some researchers have argued that the actual influence of leaders on organizational outcomes is overrated and romanticized as a result of biased attributions about leaders (Meindl & Ehrlich, 1987). Despite these assertions however, it is largely recognized and accepted by practitioners and researchers that leadership is important, and research supports the notion that leaders do contribute to key organizational outcomes (Day & Lord, 1988; Kaiser, Hogan, & Craig, 2008). In order to facilitate successful performance it is important to understand and accurately measure leadership performance.

### **2.8.3 Leadership Score card – Performance Tool**

The leadership scorecard is a tool that ensures that the leadership development function is focused on accomplishing objectives that are linked to business strategy. The leadership scorecard provides a structure for establishing, tracking, compiling, analyzing, and communicating leadership development results. The leadership scorecard should be customized based on business needs and can contain a variety of measures based on what the business views as critical. A leadership scorecard can be created and implemented even when an HR or corporate scorecard does not exist. This is critical as it enables the leadership development function to take a proactive stance in the creation of measurement and evaluation strategies and become a valued business partner.

The leadership scorecard enables executives to understand the benefits of the leadership development programs to leaders and to the bottom line. The leadership scorecard also provides useful measures for the leadership development staff. The leadership development staff can find out how well a program is working and, based on leadership scorecard data, can improve the program or, if necessary, stop delivery of the program. A focus on using measurement and evaluation for the continuous improvement of leadership development programs can build the credibility of the leadership development function. Data from a leadership scorecard can be used to justify expenditures, build a business case for requesting additional budget dollars, and create management support (Schmidt, 2003).

#### **2.8.4 Leadership Scorecard Benefits**

Even though there are several challenges that may be encountered when implementing a leadership scorecard, such as getting management buy-in, taking the time to do the needs assessment, and allocating resources, the benefits far outweighs the challenges.

A leadership scorecard can be implemented successfully in any organization. The benefits of implementing a leadership scorecard are many. A few of the benefits that have been experienced by leadership development functions are (Schmidt, 2003)

- Management develops an understanding of the benefits of leadership development programs.
- The leadership development function is viewed as adding value to the bottom line.
- The leadership development function becomes very focused on only delivering programs linked directly to the business strategy. This results in a positive return on investment for the organization.
- The leadership scorecard data enables the leadership development function to continuously improve programs or discontinue programs that are not providing positive results.
- The leadership development function is able to assess if the program has impacted behavior change and application back on the job. This is a critical measure of success.
- Leaders are participants in programs that have impact. Leaders are able to see the value in the programs they participate in and the perception of the leadership development function is enhanced.
- The leadership development function is able to justify the annual budget. Budget cuts are not as drastic as in the past due to the leadership development functions ability to show a return on investment.
- The leadership development staff receives career enriching development in the area of measurement and evaluation.

- Communication between the leadership development function and executives becomes more frequent. The leadership development function is able to talk with executives in business terms, such as return on investment and benefit/cost ratios.

### **2.8.5 The Future of Leadership**

Leadership reinvented can still be shown by CEOs. They just need to accept that much of what they do needs to be reclassified as management. They also need to devote more time to fostering leadership in front line employees, thereby taking empowerment a huge leap forward. If they want to reap the full innovative potential of all employees, CEOs and other managers need to engage and inspire employees more fully. Helping them to see how all employees can show leadership now could make all the difference between winning the war of ideas and falling further behind. Where knowledge rules, the old fashioned conception of leadership as group domination is dangerously obsolete. Complexity drives specialization. It is time to bring management back from the dead to take care of getting things done through people, leaving leadership to focus on finding and promoting new directions.

*Leadership is simply a matter of showing the way.* One of the many exciting features of this definition is that followers must choose to follow of their own free will because coercive power and authority are missing.

### **2.8.6 21st Century Leadership**

The meaning of leadership has always entailed occupying a static position at the head of a group. Today, we need to see that leadership is an occasional act, not a role. The fundamental meaning of leadership has not changed in all of recorded history. It has always been about the person in charge of the group. Being a leader has always meant having power over people and the authority to make decisions for the group. We have tweaked the meaning of leadership a little bit, thus moving from dictatorial to more participative styles but the essence has remained basically unchanged for centuries.

- **Ours is a knowledge-driven age.** Leadership has always been based on power. First it was the physical strength to be at the top. Then it was the force of personality that counted, all with a view to getting into the top slot in a group hierarchy. These forms of power can be regarded as the triumph of form over substance. That is, it doesn't matter so much what you say as how you say it. For example, a political candidate with charisma or "sex appeal" could get elected

with vague content. But, today we are moving toward the view that “content is king” which is the triumph of substance over form. The problem for traditional conceptions of leadership is that no one can monopolize good ideas so that ongoing dominance is much more difficult when it is based on the power to generate new and better ideas.

- **Change is much more rapid today**; the world is more dynamic, making it harder to maintain the static state in which one person stays at the head of affairs. Also, if you add complexity, it is much harder for any one person to know what to do and, therefore, to provide the group with direction. It is still possible in small groups such as street gangs, but CEOs of high tech organizations that compete on the basis of rapid innovation have a much harder time of calling the shots.
- The world was once made of **discrete groups** minding their own business where you were definitively a member of a group or an outsider. Now, there are transients and loose group boundaries, informal networks and strategic partnerships. So-called “boundaryless” organizations are made up of rapidly changing subgroups that come together only for a limited purpose. Who is the stable leader in groups that have no boundaries or which are made up of loosely connected networks of small groups?
- A corollary of the previous point is that the dynamics *between* groups are just as important as those within groups. Although we never talk about it, there has always been leadership between groups. Companies like Apple show leadership to competitors and one country can show leadership to another, say by adopting innovative green practices. The key point about inter-group leadership is that it is not a role, let alone a dominant one. Such leadership is only an occasional act.
- In modern organizations, knowledge workers are not compliant drones. They want to have their say regarding how the organization functions. In the old days, we could label their contributions suggestion-box material, but this is too patronizing today. The reality is that, when knowledge workers advocate better ways of doing things, they are showing leadership, even if it is an occasional act and they have no interest or skills to attain a formal leadership role.

### **2.8.7 Meaning of Leadership Needs to Change**

Leadership that is shown by one group to another shares a very important feature with the occasional leadership shown bottom-up by knowledge workers when they convince their bosses to adopt a new product. Neither has anything to do with managing people or the implementation of their proposals. Their leadership consists solely in the successful promotion of new directions. The implication of this line of thinking is that everything to do with getting things done and managing people must be a managerial function. Leadership is a matter of mindset. Leadership in the 21st century is no longer a fixed role. In a fluid, dynamic environment where innovation rules, leadership is only an occasional act that can come from any direction including outside the group. Showing leadership means convincing others to change direction. It is time to separate leadership and management. We need to upgrade management to take its rightful place as a constructive force for getting the best out of people and managing all resources along the lines of investment that is to get the best possible return. Thus, making it happen is the leader's job. Rightly Mahatma Gandhi has said: "*We must become the change we want to see*".

### **2.9 Indian Technical Education Scenario**

*"Technical education is the single most dominant factor for unleashing brainpower of the people of an organization" -Lester Thurow*

Today due to wide and vibrant knowledge workers available all over in the corporate sectors and otherwise the management of their knowledge and to bring into synergetic performance, is the major challenge. And this is what the great management professor Lester Thurow is advocating above. We all fully agree with this. This requires a good dynamic and charismatic leader who is conversant with technical education in particular apart from other traits.

Management education deals with the art and science of directing and controlling any organization. The Indian business organization is forced to change their operational and business strategies due to Liberalization, Privatization & Globalization policies initiated by government of India. Globalization aims at aligning economies of various countries with Global Economy. Today the academics and industry captions are transforming various sectors of the economy due to globalization strategies including the fast

developing sector of higher education (Dwivedi, 2009; Mithani & Dastane, 2009; Pathak, et.al 2009).

Management education is based upon the premise that events occur as a result of preceding events or processes. A manager must know why a certain thing has happened so that a repetition thereof can be avoided if it had adverse effects on organizational performance. Management consists of deciding what is desirable and then managing those elements that can achieve the desired results. Research findings and concepts derived from the experiments in social sciences substitute and stimulate the knowledge based in management study. Professionalism assumes high standards of ethics and values. Without Professionalism no institute can create sustainability and therefore competitiveness. Academic leadership is very significant for any such institute.

Education in India has traveled right through monastic orders of 'guru' system, caste system, learning centers of Nalanda & Taxila to modern day education system of school and colleges based on British Raj & now on CBSE, CISCE, Cambridge based examinations system etc. After Independence our first Education Minister Maulana Azad brought in education reforms throughout the country and later NPE (National Policy on Education) in 1986 and also re-enforcement of the Programme of Action (POA) in 1986 was launched.

Later the Government opened Navodaya Vidyalaya, Madarasas, autonomous schools including some international; schools etc. Further the District Primary Education Programme (DPEP) was launched during 1994, Integrated Education for Disabled Children (IEDC), Kendriya Vidyalaya Project (started from 1965) tertiary education, education for females SC/ST, OBC etc. Also, the Apex bodies NCERT (National Council of Educational Research & Training), AICTE (All India Council for Technical Education), formed in 1987, through an act by Parliament, and brought in Technical part of Education. The main governing body at the tertiary level is the UGC (University Grant Commission), which enforces its standards, advises Government, and helps coordination between central & state policies. The education has traveled from Urban to rural areas ushering in literacy, among the primarily younger generations under AICTE,IITs, IIMs,REC,NIIT and other technical institutes wise set up since 1961 onwards. Various open universities also function for educating masses of working classes. Management

education especially started since 1960's. Today many colleges have opened up mushrooming all over the country.

Later on literacy has been reckoned – right from highest literacy of 90.07% from Kerala to lower than 50% literacy in BIMARU states i.e. BIHAR, Madhya Pradesh, Andhra Pradesh, Rajasthan, Orissa & Uttar Pradesh indicated by Nandan Nilekani (2008).

Women have much lower literacy rate. Compared to boys, far fewer girls are enrolled in the schools, and many of them drop out. According to a 1998 report by U.S. Department of Commerce, the chief barriers to female education in India are inadequate school facilities (such as sanitary facilities), shortage of female teachers and gender bias in curriculum (Velkoff 1998).

Today, due to many technical institutions popping up every now and then, the quality of technical education is much at the stake. The alarming situation in the present day is the maintenance of quality of education first, and foremost in the wake of quantitative increasing growth of indiscriminate institutions. Herein, we are more worried about good availability of talented teachers, with also lack of talented students' availabilities. Thus, we observe that in the educational system quality is the fundamental factor to be addressed than the quantity.

Technological advances are such that it has to be innovated all the time to keep it survived in the changing environment. Speed is the critical hall mark today. Indian mind has to look out of the box. Renaissance leaders have to be produced winning leaders continuously demonstrate great vision and purpose. It is the great purpose that keeps the leaders alive and vibrant. Today due to wide and vibrant knowledge workers available all over in the corporate sectors and otherwise the management of their knowledge and to bring into synergetic performance, is the major challenge. Quality, though it is much talked about is a missing link presently in Indian technical education scenario.

The situation can be improved also by political and socio-cultural environment. To maintain the quality of education and good teachers, teaching – learning – skills the present prevailing system of accreditation process requires marked improvement. And, especially so, after accreditation, the surveillance and sustainability of the same standards are a question mark today. The implementations of Academic excellence model through



National Quality Award Model have to be correctly benchmarked & strictly adhered to. (Website education in India)

Liberalization, Privatization & Globalization policies initiated by Government of India has forced the Indian business organizations to change their operational & business strategies. Globalization aimed at aligning economies of various countries with Global Economy. Foreign Universities have entered the Indian Market and as a result education has become an important part of service sector. A large part of the economic growth of advanced industrialized society can be attributed to their capability to choose, acquire, generate and apply technologies to different economic activities. In the era of globalization all the universities are trying to update their curricula to cater the need of the industry.

Students should be given freedom to choose any of the courses of his interest, at the same time industry may also select students as per their need and train accordingly. This will help the students for getting better opportunity. University shall give this freedom to the individual institute to offer wide variety of courses and to frame the content of the course. University may not object for this because this course is to be offered after their regular graduation.

Technological changes every now and then, the teaching-learning technique by teachers also require a frequent change to suit the changing requirements. Balanced Scorecard and leadership scorecard suitably solve this problem which has been briefly described in the succeeding paragraph.

### **2.9.1 Balanced Scorecard and Leadership Challenges of Teachers in the Educational Scenario**

A “score” is defined as the record of points or stroke made by competitors in a game or match: the act of making or earning a point or points, or a tally, as per Webster’s Unabridged Dictionary, 1998. The same source defined “scorecard” as a card for keeping record of score of a sports contest.” The spectators on the sports ground rely on the scorecard, that who is winning or losing in the game.

On the same analogy, a balanced scorecard on leadership context in teaching can be coined as *‘teaching-leadership scorecard’*, for measuring how well the teaching development functions and what improvements etc it does require.

In this regards, we define ‘Teaching-learning-leadership scorecard’ as: “Teaching leadership scorecard is a tool that ensures that the leadership development function is focused on accompanying objectives that are linked to teaching business strategy.”(Phillips et.al.2009). Teaching – learning scorecard imparts the following benefits:

- It enhances students as well as teacher’s capabilities.
- It develops leadership traits.
- It enriches career development programme as well.
- It imparts teachers training as well.
- It helps teachers – students to unleash their brain-power.
- It truly enhances motivational leadership perspective.
- It enhances teaching-learning as a more focused programme.

**The Scorecard also develops intangible assets of both the teachers and students:**

- Increases job satisfaction
- Increases organizational commitment.
- Improves teamwork.
- Reduces conflicts and complaints.

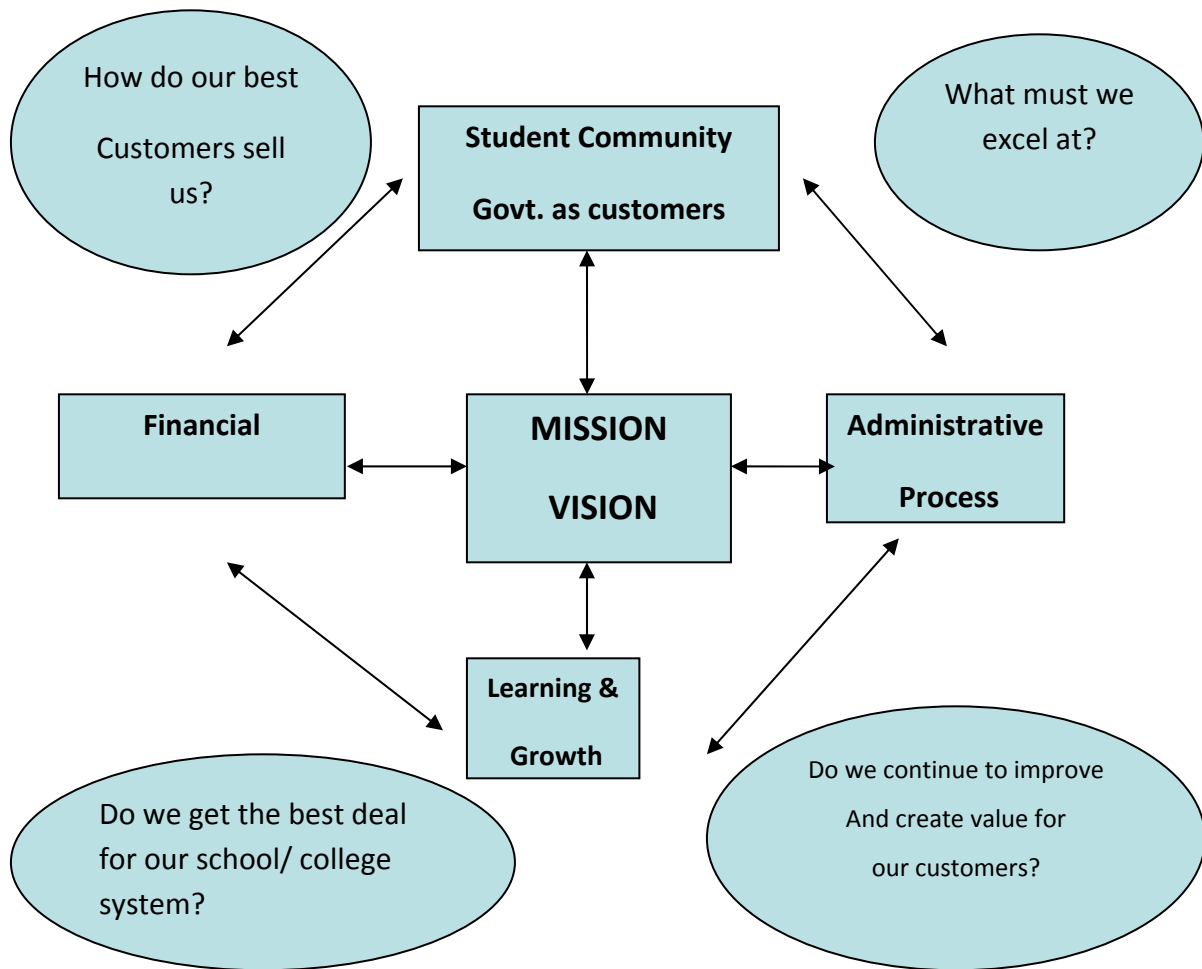
Thus, it can be observed that ‘teacher-leadership scorecard’ provides a much needed linkage to needs, objectives and evaluates the whole educational programme systematically.

### **2.9.2 Teaching Leadership Challenges in Education**

Based on teaching-learning-leadership scorecard, there are seven smart principles (Ronald, et.al.2005) as under:

- Generative Knowledge.
- Learnable intelligence.
- It focuses on understanding.
- Teaching for mastery & transference of knowledge.
- Learning-centered assessment.
- Embracing complexity.
- The school/college becomes as learning organizations.

How, the teaching-learning-leadership scorecard can help the educational leaders has been shown in the following Fig. 2.8



**Fig.2.8: Scorecard Strategic Perspectives**

The various keys to professional for change projects & implementing teaching –learning leadership scorecard implementations are given in the following four salient points:

**Equation:** The success of the programme is measured on:

Success= (Measurement) X (Technique) X (Control) X (Focused Perspective) X (Consensus).

**(a) Measurement: Measurement is the initial part because:**

- What gets measured gets managed.
- What gets effectively managed enables educational leaders to make better administrative decisions.

**(b) Techniques:**

**i) Large scale or Major Techniques**

- Restructuring / reengineering processes of curriculum
- Student performance on Government mandated standard tests.

- Change of strategy.
- Changes of teacher's competence.
- Changes of administrators' competence or so.

**ii) Small scale or Minor Techniques**

- Motivational lecture problem-solving teams.
- Interacting technology with class rooms.

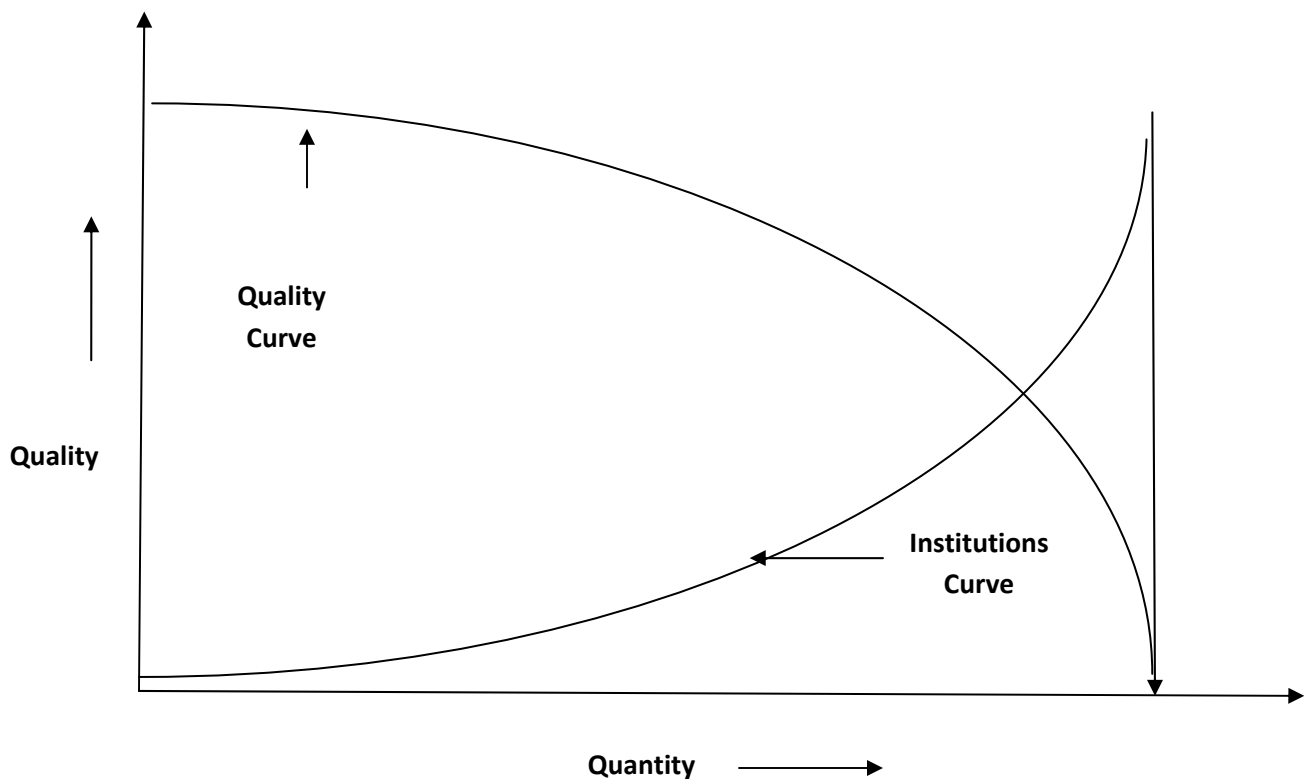
**(c) Control:**

- *Level 1 Action:* Control of action / effects inside school.
- *Level 2 Action:* Controls of Actions – but effects are outside school.
- *Level 3 Action:* Not in control of Action – but it affects the school driver(s).
- *Level 4 Action:* Not in control of action – but does not affect your driver.

As education leader – one has to control level 1&2. Gain control or compensate level 3 Action. And if they do not have sufficient control over the actions necessary to achieve their goals – then expectations must be lowered and than either set a lower target or abandon on the target altogether.

**2.9.3 Quality through Push-Pull Technique**

Student engagement with the lecture is the critical success factor. The planning and design of the lecture and the selection of resources is important. Of more importance, however, is the lecturer's flexibility at milestone points to react immediately to student need and not to stick to a pre determined script.



**Fig. 2.9: Quality and Quantity**

A quality to quantity relationship of education has been depicted in Fig.2.9

Today the teaching of complex subjects to the students is becoming tougher and at the same time it is easier also due to the available audio-visual aids. However, a teacher has to be comfortable in teaching & he should be a centre of attraction to the students rather than pushing his way through the class. He must remember that he is dealing with human resource and really impressionable minds rather than non human resource. Also sometimes the intelligent students ask some tougher questions and push the teacher into a corner which is not desirable. The teacher must have a fulsome knowledge of his own topic and he must be confident about what he is teaching. At all the cross section of time he should be fully in contact with the students and should take the whole grip of class. Today many good academic institutions give emphasis on Push-Pull technique of teaching which has become more essential in today's scenario as the students are really more knowledgeable than yester- years or the past.

To manage students, knowledge and the techniques of teaching should be given more weight than anything else. It is a trite saying that a poor teacher tells, a good teacher teaches, an excellent teacher demonstrates and an outstanding teacher motivates.

#### **2.9.4 Pull environment**

- a) Making a conducive environment between teachers & taught, to know the students their behavior and the cross-section they come from.
- b) Unleash their brainpower by giving them challenging task / case studies – and put them into ‘ignited mind’ phase.
- c) Expose them in choosing their career path
- d) Excite the students as well as make them comfortable with you.
- e) Use latest audio-visual aids
- f) Integrate teaching, training, coaching, counseling, etc – ask their feedback.
- g) Give examples of great people, mentors, leaders, etc.
- h) Remove there barrier of communication “I know all”
- i) Teach them soft skills right from the beginning
- j) Create unsacheated desire/ craving for learning lifelong
- k) Inculcate sportsman spirit & music

#### **2.9.5 Push Environment**

These are opposite to what has been discussed above like distrust, inflexibility, unwillingness to take responsibility, cheap popularity, dishonesty and other inhibiting factors. Technical education has evolved in response to social, educational, industrial and economic changes, and now provides subjects which are both demanding and relevant. Technical education provides a range of activities and opportunities which develop students' awareness of the importance of technology in society. Students learn a range of important skills which equip them for living in contemporary society. The educational institutes need to establish closer links with industry. It is necessary to ensure that an adequate level of computing resources is available, and encourage standardization in the use of computers in each department. Education authorities should work together to ensure that the combination of different courses offered nationally is designed to equip teachers to deliver the full range of technical education courses. They should set out clear departmental aims and identify priorities which ensure that all courses and teaching methods meet the needs of students at all stages, promote purposeful links with higher technical education and industry; develop systematic and rigorous methods of

monitoring, evaluating and reviewing all aspects of the work of the department within the framework of the development plan; and within the development plan, set out clear targets for improving the quality of learning, teaching and attainment.

### **2.9.6 Criticality of Modern Day Education System**

The only thing permanent in our long human journey is CHANGE. We are today constantly being bombarded by management web2.0, Google, Social net-working, IT revolution and knowledge workers. Some social values are changing every moment which has an immense impact on education system.

Any country's technological development is primarily dependent upon education system and young professionals, scientists, technocrat, as well as managers. Some of the critical issues regarding reform or change in education system are:

- Education should develop a full-fledged personality development of the individuals.
- It should impart understanding of the subject in breadth, depth and, width.
- Application of the knowledge should be in most prudent fashion.
- Education should impart logical thinking.
- Teachers should be excellent and should be talent plus person and the same should be reflected in students.
- Quality of education should be maintained.
- Education should be far from commercialization.
- Social-political-economical environment should be stable and progressive.
- The teaching-learning technique should touch upon the main tenets.
  - Thinking
  - Learning
  - Training
  - Development
  - Communicating.
- The teacher should keep himself abreast to the front end technological locus of the knowledge of his subject.
- There should be freedom for students for course selection and adequate employability should be embarked by the Government.

Quality of teaching education, although much talked about, is currently the missing link in Indian technical education system. It will be observed that in the past 15-20years, many indiscriminate technical institutions have cropped up. There is a huge shortage of good teaching faculty to cope with this enhanced infrastructure. Good quality of students also is not taking admissions, as well. Therefore, we observe that quality is the fundamental factor to be addressed in the light of this expanded sub-par education system that continues to expand exponentially. Quantity of institutions going up and quality of education going down, is an alarming situation.

The good teachers must consider students to an impressionable minds and a vibrant human resource. For attracting talented student we should apply good teaching techniques like push-pull techniques, case-studies, good workshops – seminars etc. apart from employing good and dynamic teaching faculties. A very attractive and conducive learning environment for students should be invariably created. This also requires a dynamic accreditation system and a good surveillance process so that the qualities and infrastructure is maintained and good standard is sustained although.

The outstanding and experienced teachers must motivate and show a correct direction to the students. The teachers should be competent, creative and caring. Further they should also be available accessible, and approachable. A dedicated bunch of motivated teachers steer the students and institutions towards correct direction of imparting education.

#### **2.10 Performance Measurement System**

*“Collaboration is more important than control” and “Performance is more important than deference.”*

**Professor Tom Cannon**

According to Pink et al. (2001), performance measurement can be addressed at three different levels namely the individual performance measures, the performance measurement system (PMS) and the relationship between the PMS and its environment.

Radnor and Lovell (2003a) explain the term performance measurement system as a means of gathering data to support and coordinate the process of making decisions and taking action throughout the organization. The measurement system is a crucial element in ensuring the successful implementation and execution of strategies identified by the organization in achieving their strategic goals (Fitzpatrick, 2002; Radnor & Lovell,



2003a). Meanwhile, Pink et al. (2001) see performance measurement as the process of quantifying past action, focusing on both efficiency and effectiveness of the action taken.

According to Chang and Young (1995), performance measurement provides organization with focus, direction, a common understanding and knowledge for making better business decision besides providing feedback on the organizational improvement efforts. Because performance measurement is always linked to a goal or an objective, it gives the management the means to maintain control and monitor the progress of the organizations towards achievement of their overall vision (Aidemark, 2001), through the successful implementation of the strategy chosen. However, with the rapid changes in the modern businesses environment, many organizations have become dissatisfied with the traditional backward looking performance measurement systems by identifying their shortcoming and arguing for change (Aidemark, 2001). Eventually, the new situation causes the old systems to be inefficient and no longer effective and thus becoming inappropriate to the organizations. This creates new challenge for senior executives in assessing the performance measurement.

### **2.10.1 Trends, Issues and Challenges in Assessing Performance Measurement**

The viability and survival of today's business organizations are very much influenced by the new strategies adopted in the highly dynamic environments that facilitate their businesses. Eccles (1991) argues that these new strategies and competitive realities require new measurement systems because traditional systems that stress on the financial indicators can no longer justify the need of the modern business entities. He explains that globalization, growing competition, increased public sophistication and active consumerism have all contributed to the shifting of the performance measurement systems manifest towards the non-financial indicator themes such as customer satisfaction and service quality.

To be successful and competitive, organizations require a more holistic and balanced approach in measuring their performance that not only display yesterday consequences as shown by the financial indicators but also capable of predicting future performances through utilization of the non-financial measures which are known to be forward-looking (MacStravic, 1999). As the trend of advancement in the performance measurement moves towards this direction, concern and recognition on the existing trade-offs issue

between different measures, for example between quality and cost (Morisawa, 2002) and between short-term financial return and long-term competitive position, need to be addressed by the management in a more explicit manner due to the impact on the nature of the businesses.

At the same instance, the practice of strategic management begins to spread rapidly into modern business entities as more managers acknowledge the importance of being able to communicate their business strategies across to the other organizational members for the purpose of alignment and attainment of the business strategic goals and objectives. Because measurement provides the link between strategies and actions, the type of performance measurement system is a barrier to organizational development if inappropriate measures are applied. This is because such measures tend to lead to actions, which are incongruent with the strategies no matter how well they are formulated or communicated through the organizations (Oliveira, 2001).

Therefore, the challenge for most management leaders is to examine the entire data and reports and weed out the inappropriate measures from the appropriate ones (Chang & Young, 1995), so that these appropriate measures can provide and strengthen the link between actions and strategies in order to achieve organizational strategic goals and overall vision (Amaratunga et al., 2000). Simply put, assessing performance measurement system is a vital task as measuring the right variables. This, according to Brown (1996), will ensure the future success of the organizations. As a result, there is an increasing awareness among today's well-trained managers on the need to search for an integrated performance measurement system that can both strategically measure the financial and operational aspects of their businesses, which are seen as truly essential in creating healthy and balanced organizations (Birch, 2000).

While the need to take up the challenge in assessing the performance measurement is real and the potential solution is available, changes to the existing performance measurement system are often difficult and slow. Finding the appropriate modern approaches that can help them to accomplish their tasks in addressing the weakness and limitation in their existing systems is not without problems. Usually the management teams have had their fair share of dilemma, for example when the leaders introduce a new performance measurement approach to the organizations without really going into the details of

understanding the process of populating the new measurement framework. Such action will definitely defeat their original purpose of getting a more effective and efficient performance measurement system because without understanding the process, the new framework will have no practical value to them (Pink et al., 2001).

### **2.10.2 Performance Measures**

Performance measures quantitatively tell us something important about our products, services, and the processes that produce them. They are a tool to help us understand, manage, and improve what our organizations do. Performance measures let us know how well we are doing:

- if we are meeting our goals
- if our customers are satisfied
- if our processes are in statistical control
- if and where improvements are necessary.

They provide us with the information necessary to make intelligent decisions about what we do.

### **2.10.3 Benefits of Measurements**

Listed below are seven important benefits of measurements:

1. To identify whether we are meeting customer requirements. How do we know that we are providing the services/products that our customers require?
2. To help us understand our processes. To confirm what we know or reveal what we don't know. Do we know where the problems are?
3. To ensure decisions are based on fact, not on emotion. Are our decisions based upon well documented facts and figures or on intuition and gut feelings?
4. To show where improvements need to be made. Where can we do better? How can we improve?
5. To show if improvements actually happened. Do we have a clear picture?
6. To reveal problems that bias, emotion, and longevity cover up. If we have been doing our job for a long time without measurements, we might assume incorrectly that things

are going well. (They may or may not be, but without measurements there is no way to tell.)

7. To identify whether suppliers are meeting our requirements. Do our suppliers know if our requirements are being met?

#### **2.10.4 Importance of Measurement**

If you cannot measure an activity, you cannot control it. If you cannot control it, you cannot manage it. Without dependable measurements, intelligent decisions cannot be made. Measurements, therefore, can be used for:

- **Control:** Measurements help to reduce variation.
- **Self-Assessment:** Measurements can be used to assess how well a process is doing, including improvements that have been made.
- **Continuous Improvement:** Measurements can be used to identify defect sources, process trends, and defect prevention, and to determine process efficiency and effectiveness, as well as opportunities for improvement.
- **Management Assessment:** Without measurements there is no way to be certain we are meeting value-added objectives or that we are being effective and efficient.

The basic concept of performance measurement involves:

- (a) Planning and meeting established operating goals/standards;
- (b) Detecting deviations from planned levels of performance; and
- (c) Restoring performance to the planned levels or achieving new levels of performance

#### **2.10.5 Foundation for a Performance Measurement System**

Successful performance measurement systems adhere to the following principles:

1. Measure only what is important. Do not measure too much; measure things that impact customer satisfaction.

2. Focus on customer needs. Ask our customers if they think this is what we should measure.
3. Involve employees (workers) in the design and implementation of the measurement system. Give them a sense of ownership, which leads to improvements in the quality of the measurement system.

### **2.11 Performance management**

Managing staff performance is an effective mechanism for developing both staff and organizational growth. By clarifying an organization's objectives, translating these into clear individual goals, and reviewing these goals regularly, performance management provides a well-structured and effective management tool. To manage performance effectively, individuals should know on what basis their performance will be measured. Measures should be transparent and applied fairly across the organization. Ideally there should be a mix of individual and team measures, and measures relevant to both the inputs and the outputs of performance.

Armstrong and Baron define performance management as 'a process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved'. They go on to stress that it is 'a strategy which relates to every activity of the organization set in the context of its human resource policies, culture, style and communications systems. The nature of the strategy depends on the organizational context and can vary from organization to organization.'

In other words performance management should be:

**Strategic** - it is about broader issues and longer-term goals

**Integrated** - it should link various aspects of the business, people management, and individuals and teams.

It should incorporate:

**Performance improvement** - throughout the organization, for individual, team and organizational effectiveness

**Development** - unless there is continuous development of individuals and teams, performance will not improve

**Managing behaviour** - ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships.

Armstrong and Baron stress that performance management is a tool to ensure that managers manage effectively. It also ensures that the people or team they manage:

- know and understand what is expected of them
- have the skills and ability to deliver on these expectations
- are supported by the organization to develop the capacity to meet these expectations are given feedback on their performance
- have the opportunity to discuss and contribute to individual and team aims and objectives.

It is also about ensuring that managers themselves are aware of the impact of their own behaviour on the people they manage and are encouraged to identify and exhibit positive behaviours. So performance management is about establishing a **culture** in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behaviour and contributions. It is about **sharing** expectations. Managers can clarify what they expect individual and teams to do; likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management is about **interrelationships** and about improving the quality of relationships - between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a **joint** process. It is also about **planning** - defining expectations expressed as objectives and in business plans - and about **measurement**; the old dictum is 'If you can't measure it, you can't manage it'. It should apply to **all employees**, not just managers, and to **teams** as much as individuals. It is a **continuous** process, not a one-off event. Last but not least, it is **holistic** and should pervade every aspect of running an organization.

Over time, the focus and emphasis of performance has shifted away from individual output to inform development or pay decisions, to individual contribution to

organizational objectives through output, behaviour and capability. As such, performance management is now as much about driving engagement and collecting information and data to provide better insight into the drivers of performance as it is about providing information about individuals.

### **2.11.1 Performance management - framework**

Performance management needs structures to support it. These should provide a framework to help people operate, and to help them to help others to operate. But it should not be a rigid system; there needs to be a reasonable degree of flexibility to allow people freedom to operate. Performance management is a process, not an event. It operates as a continuous cycle. Corporate strategic goals provide the starting point for business and departmental goals, followed by agreement on performance and development, leading to the drawing up of plans between individuals and managers, with continuous monitoring and feedback supported by formal reviews.

### **2.12 Power of Full Engagement**

Working with full commitment and full concentration has been Indian ethos from very beginning. A recent book on 'Power of Full Engagement' has been written by Jim Loehr and Tony Schwartz (2003) on the topic which covers the same thought. Rather, 'India is a way ahead in manifestations of emotional quotient (EQ) and working on intuitive and spiritual levels and even stronger in its manifestations of energy source and its management.

In nut shell Jim Loehr et al. propagate that:

- Energy, not time, is our most precious resource
- Energy, not time is the fundamental currency of high performance

Full engagement emphasizes four intrinsic ingredients/components. These are:

- Physical energizing
- Emotional Connection
- Mentally focused, and
- Spiritually aligned

In fact, the crux of full engagement system starts with connecting purpose to spiritual energy and its further manifestations. High positive energy is the fuel for higher performance.

### **2.13 Intelligence Quotient, Spiritual and Emotional Intelligence: Relationship**

A way to understand the relation between physical, mental and social health aspects is by understanding three well defined scientific factors – Intelligence Quotient (IQ), Emotional Intelligence (EQ) and Spiritual Intelligence (SQ). These three factors are individually defined and collectively related to each other.

#### **2.13.1 Emotional Intelligence**

Emotional intelligence is defined as a person’s self-awareness, self-confidence, self-control, commitment and integrity, and a person’s ability to communicate, influence, initiate change and accept change (Goleman, 1998).

Once these factors are analyzed and related to each other, it becomes clear that mental, physical and social factors all contribute to the holistic health of a person in the form of IQ, EQ and SQ. It can also be concluded that the health of whole human society depends on an individual’s health and the social factors. Health, education and moral institutions can combine to create a healthy atmosphere for the entire human society.

Intelligence Quotient (IQ) primarily solves logical problems. Emotional Intelligence (EQ) allows us to judge the situation we are in and behave appropriately. Spiritual Intelligence (SQ) allows us to ask if we want to be in that situation in the first place. It might motivate us to create a new one.” (Danah Zohar & Ian Marshall, 2001).

“Strategic flexibility is an organization’s capability to identify major problems/ changes in the external environments, quickly mobilizing the resources to new courses of actions in response to those changes, and recognize and act promptly, when it is time to halt or reverse existing resource commitments.”



#### **2.14 Concluding Remarks**

In this chapter, a review of general concept of traditional and modern management has been made with an evolutionary angle of approach. Strategic HR dimensions, HR functions and other aspects of HR Architecture have been discussed.

Finally, the HR performance drivers have been deliberated for achieving organizational excellence. Work-culture and 'rethinking' critical business principles coupled with core competence usher-in amazing results. Strategy-breaking it down to actions-plan, course of actions and finally implementing with a "non-stop-fire" within, is considered one infallible tool for synergizing human capital into high performance work practices (HPWP) mechanism. Unleashing the brain-power of people of the organization and revisiting the business aiming at core strategic vision, may decidedly help converting an organization into a 'excellent-organization'.

## Chapter 3

### Modern Techniques of Performance Measurement (Balanced Scorecard and Six Sigma)

#### 3.1 Introduction

Recently, there is an increasing trend towards implementing balanced scorecard (BSC) as a set of performance indicators (Zelman, Pink, & Matthias, 2003). In the literature review, the feasibility and value of using balanced scorecard to measure performance has been evidenced. It is argued that the key to achieve the aimed level of performance is to adopt new approaches to performance and performance measurement (Kaplan & Norton, 1992). Balanced scorecard (BSC) is fundamentally a customized performance measurement system that looks beyond traditional financial measures and is based on organization strategy.

To evaluate the organizational and employee performance in performance appraisal management processes, the conventional approach measures the performance only on a few parameters like the action processes, results achieved or the financial measures etc. The Balanced scorecard –an approach given by Kaplan and Norton- provides a framework of various measures to ensure the complete and balanced view of the performance of the employees. Balanced scorecard focuses on the measures that drive performance.

The two basic features of the balanced scorecard are:

- A balanced set of measures based on the four perspectives of balanced scorecard
- Linking the measures to Employee Performance

#### 3.2 Balanced Scorecard Framework and Function

Balanced Scorecard (BSC) is a performance management tool which began as a concept for measuring whether the smaller-scale operational activities of a company are aligned with its larger-scale objectives in terms of vision and strategy. By focusing not only on financial outcomes but also on the operational, marketing and developmental inputs to these, the Balanced Scorecard helps provide a more comprehensive view of a business, which in turn helps organizations act in their best long-term interests.

Organizations are encouraged to measure – in addition to financial outputs - what influenced such financial outputs. For example, process performance, market share/penetration, long term learning and skills development, and so on. The underlying rationale is that organizations cannot directly influence financial outcomes, as these are "lag" measures, and that the use of financial measures alone to inform the strategic control of the firm is unwise. Organizations should instead also measure those areas where direct management intervention is possible. In so doing, the early versions of the Balanced Scorecard helped organizations achieve a degree of "balance" in selection of performance measures. In practice, early Scorecards achieved this balance by encouraging managers to select measures from three additional categories or perspectives: "Customer," "Internal Business Processes" and "Learning and Growth."

In 1993, Robert S. Kaplan and David P. Norton began publicizing the Balanced Scorecard through a series of journal articles. In 1996, they published the book *The Balanced Scorecard*. Since the original concept was introduced, Balanced Scorecards have become a fertile field of theory, research and consulting practice. The Balanced Scorecard has evolved considerably from its roots as a measure selection framework. While the underlying principles were sound, many aspects of Kaplan and Norton's original approach were unworkable in practice. In both firms associated with Kaplan & Norton (Renaissance Solutions Inc. and BSCOL), and elsewhere (Cepro in Sweden, and 2GC Active Management in the UK), the Balanced Scorecard has changed so that there is now much greater emphasis on the design process than previously. There has also been a rapid growth in consulting offerings linked to Balanced Scorecards at the level of branding only. Kaplan and Norton themselves revisited Balanced Scorecards with the benefit of a decade's experience since the original article. The Balanced Scorecard is a performance planning and measurement framework, with similar principles as Management by Objectives, which was publicized by Robert S. Kaplan and David P. Norton in the early 1990s.

**Implementing Balanced Scorecards typically includes four processes:**

1. Translating the vision into operational goals;
2. Communicating the vision and link it to individual performance;
3. Business planning;

#### 4. Feedback and learning, and adjusting the strategy accordingly.

The Balanced Scorecard is a framework, or what can be best characterized as a “strategic management system” that claims to incorporate all quantitative and abstract measures of true importance to the enterprise.

According to Kaplan and Norton (1996), “The Balanced Scorecard provides managers with the instrumentation they need to navigate to future competitive success”. Many books and articles referring to Balanced Scorecards confuse the design process elements and the Balanced Scorecard itself. In particular, it is common for people to refer to a “strategic linkage model” or “strategy map” as being a Balanced Scorecard. Although it helps focus managers' attention on strategic issues and the management of the implementation of strategy, it is important to remember that the Balanced Scorecard itself has no role in the formation of strategy. In fact, Balanced Scorecards can comfortably co-exist with strategic planning systems and other tools.

The grouping of performance measures in general categories (perspectives) is seen to aid in the gathering and selection of the appropriate performance measures for the enterprise. Four general perspectives have been proposed by the Balanced Scorecard:

\* *Financial perspective;*

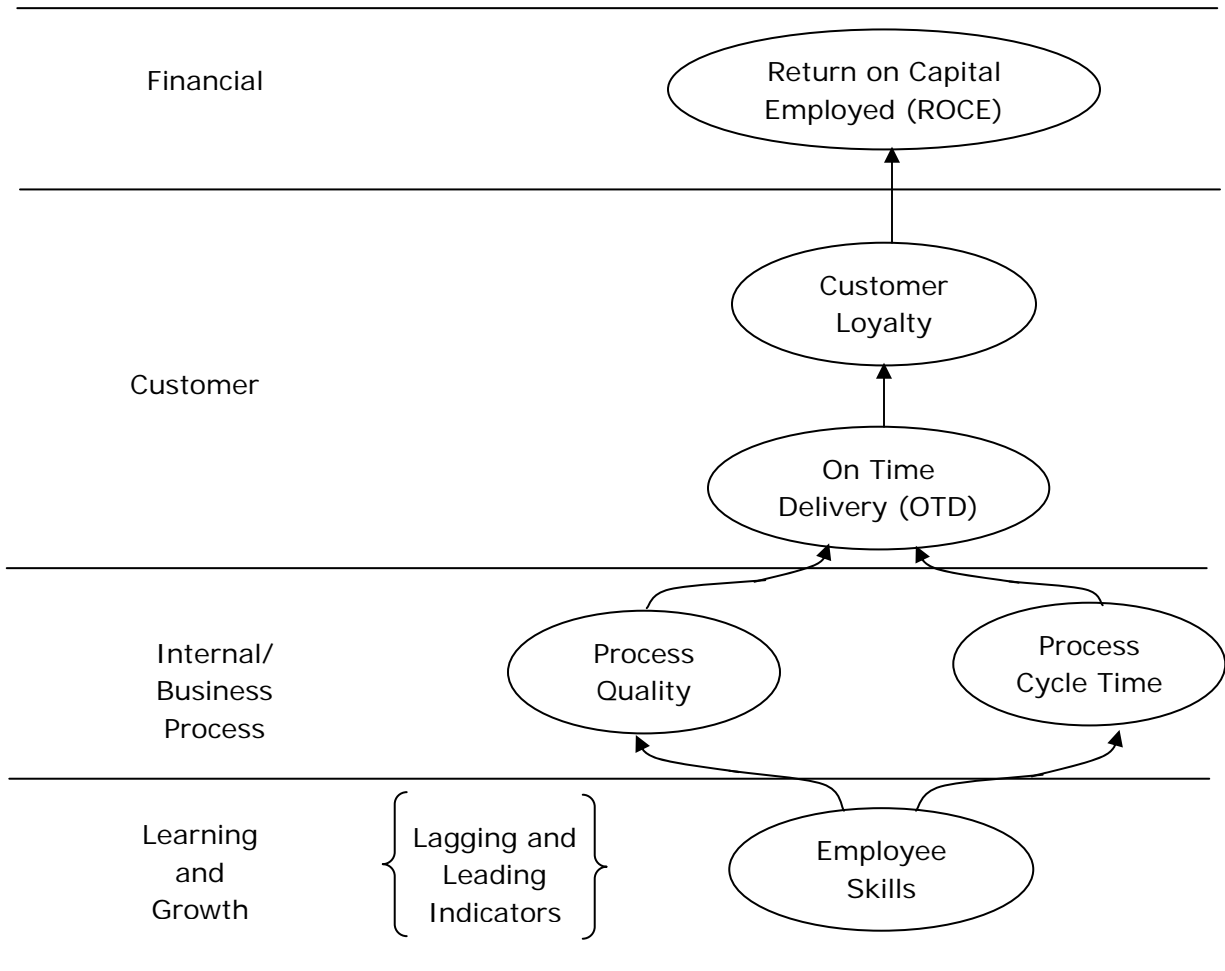
\* *Customer perspective;*

\* *Internal process perspective;*

\* *Innovation and learning perspective.*

The ***financial perspective*** examines if the company's implementation and execution of its strategy are contributing to the bottom-line improvement of the company. It represents the long-term strategic objectives of the organization and thus it incorporates the tangible outcomes of the strategy in traditional financial terms. The three possible stages as described by Kaplan and Norton (1996) are rapid growth, sustain and harvest. Financial objectives and measures for the growth stage will stem from the development and growth of the organization which will lead to increased sales volumes, acquisition of new customers, growth in revenues etc. The sustain stage on the other hand will be characterized by measures that evaluate the effectiveness of the organization to manage its operations and costs, by calculating the return on investment, the return on capital

employed, etc. Finally, the harvest stage will be based on cash flow analysis with measures such as payback periods and revenue volume. Some of the most common financial measures that are incorporated in the financial perspective are EVA, revenue growth, costs, profit margins, cash flow, net operating income etc.



**Fig. 3.1: Balanced Scorecard Illustration-Value Creation**

*(Source: From Becker, et. al. 2001)*

The *customer perspective* defines the value proposition that the organization will apply in order to satisfy customers and thus generate more sales to the most desired (i.e. the most profitable) customer groups. The measures that are selected for the customer perspective should measure both the value that is delivered to the customer (value position) which may involve time, quality, performance and service and cost and the outcomes that come

as a result of this value proposition (e.g., customer satisfaction, market share). The value proposition can be centered on one of the three: operational excellence, customer intimacy or product leadership, while maintaining threshold levels at the other two.

The *internal process perspective* is concerned with the processes that create and deliver the customer value proposition. It focuses on all the activities and key processes required in order for the company to excel at providing the value expected by the customers both productively and efficiently. These can include both short-term and long-term objectives as well as incorporating innovative process development in order to stimulate improvement. In order to identify the measures that correspond to the internal process perspective, Kaplan and Norton propose using certain clusters that group similar value creating processes in an organization. The clusters for the internal process perspective are operations management (by improving asset utilization, supply chain management, etc), customer management (by expanding and deepening relations), innovation (by new products and services) and regulatory & social (by establishing good relations with the external stakeholders).

The *innovation and learning perspective* is the foundation of any strategy and focuses on the intangible assets of an organization, mainly on the internal skills and capabilities that are required to support the value creating internal processes. The innovation and learning Perspective is concerned with the jobs (human capital), the systems (information capital), and the climate (organization capital) of the enterprise. These three factors relate to what Kaplan and Norton claim is the infrastructure that is needed in order to enable ambitious objectives in the other three perspectives to be achieved. This of course will be in the long term, since an improvement in the learning and growth perspective will require certain expenditures that may decrease short-term financial results, whilst contributing to long-term success.

### **3.3 Balanced Scorecard Approach to Measure Performance**

The balanced scorecard focuses on the measures that drive the employee performance. The balanced scorecard provides a list of measures that balance the organizations internal and process measures with results, achievements and financial measures. The two basic features of the balanced scorecard are:

- A balanced set of measures based on the four perspectives of balanced scorecard,
- Linking the measures to Employee Performance

### **3.4 A balanced set of measures**

Instead of relying on just one instrument or measure, using a balanced set of measures ensures that all the aspects of the employees' performance are covered and provide relevant support for the decisions taken. Therefore, it is necessary that the manager should be capable to observe and note the several instruments and measures simultaneously. The four perspectives given by Kaplan and Norton are the financial measures, the customer's perspective, the internal business perspectives and the innovation and learning perspectives.

*For each perspective balanced scorecard of the following things are measured:*

- **Objectives:** the goals and the targets to be achieved
- **Measures:** the standards which will be used to measure the actual performance and the progress.
- **Action plans:** the initiatives taken and the course of action to be followed to achieve the objectives

### **3.5 Tie-In to Employee Performance**

The balanced scorecard approach can be used and applied at both the individual and the organizational level. It provides a balanced approach to evaluate the employees' performance (for the purpose of Performance appraisal) in a comprehensive manner rather than a partial view. In most of the organizations, the common practice of measuring the employee performance refers to only the comparison of their action plans and behaviors with the standards set i.e. without actually measuring the results of their actions like profits and increase in market share. This conventional practice can lead to the appraisal of most of the employees without any or little progress towards achieving the goals and objectives of the organization. Thus, the balanced scorecard gives the complete view of the employees and the organizational performance and helps to align the employee performance/action plans with the organizational goals.

### **3.6 Benefits of Balanced Scorecard**

The benefits of the balanced scorecard approach in measuring performance are:

- Gives the complete picture of the employee as well as the organizational performance.
- It guides users in determining the critical success factors and performance indicators.
- Strategic review or analysis of the organizational capabilities and performance.
- Focusing the whole organization on the few key things needed to create breakthrough performance.
- Integrating and directing the performance and efforts from the lowest levels in the organization to achieve excellent overall performance.

Real performance improvement is an exclusive target and sustainable improvement even more so. The challenge is to get people to line up with the organization's goals and avoid the performance deficit that most organizations experience. The challenge is to change the organization's culture to one that encourages real improvement. Achieving culture change is getting increasing recognition in management circles, so much so that linking culture change to desired performance is emerging as one of the leading management topics.

### **3.7 Comparison of balanced scorecard and self-assessment for business excellence**

Both methods aim at assessing the current state of the organization or parts of it. Balanced scorecard is, however, monitoring the organization continuously, while self-assessment can be applied at certain intervals, for instance annually. The improvement focus is more evident in self-assessment than in balanced scorecard, as determining areas for improvement is a major part of self-assessment. Balanced scorecard is a continuous process, as opposed to self-assessment that can be utilized at certain intervals. The organizations should collect data and analyze them in order to understand their own operations. The data collecting in self-assessment for business excellence consist of both qualitative as well as quantitative data. In balanced scorecard only quantitative data are collected.



### **3.8 Failures of the balanced scorecard concept**

Numerous case studies indicate that the implementation of the Balanced scorecard (BSC) according to Kaplan & Norton in North America have been disappointing at best, and in Europe and South America even more so (Angel & Rampersad, 2005). An estimated 65% to 70% of organizations within Corporate Canada have adopted BSC's. A few users, some 10%, insist their scorecards are achieving positive results and meet with spirited rebuttal suggestions that balanced scorecards do not work. In contrast, a much larger group doubts that scorecards achieve sustained financial performance improvement. Our view from hands on experience is that scorecards rarely achieve sustained financial improvement break-through. BSC implementations tend to be insufficiently committed to learning and rarely take the personal ambitions of employees into account. Our position is that organizational scorecards need to be aligned with individuals' scorecards to turn the BSC into a powerful tool for sustained organizational performance.

Our conclusion, based on 20 years of research, is that scorecard performance depends on alignment between the goals of the organization and the personal goals of the employees to realize transformational performance change. What we referring to is the aligning of individuals' personal ambition with the shared ambition, which is a prerequisite for sustainable cultural change and development of organizations. Alignment means linking the organization's mission, vision, and core values with the individual's personal mission, vision, and core values. This lies at the heart of successful organizational change and development. Traditional balanced scorecard implementations tend to be insufficiently committed to learning and rarely take the personal ambitions of employees into account.

Without a set of rules for employees that addresses continuous process improvement and the personal improvement of individual employees, the experience is that too little employee buy-in and insufficient change in the organization's culture underlies BSC disappointment. The result, experienced in so many BSC implementations, is that any improvements tend to be superficial and temporary. We have seen many examples of scorecards that did not achieve alignment and resulted in an apparent performance improvement that dissipated very quickly. In other cases, the improvement never materialized. Frequently in such cases, management's efforts to improve performance were seen as divisive, viewed by employees as aimed at benefiting senior management compensation plans and fostering a "what's in it for me" attitude among the employees.

In the aligned environment, metrics needs to support the people alignment to organizational alignment. The ten reasons for balanced scorecard failures are listed below (Angel & Rampersad, 2005).

### **3.9 Ten Reasons for Balanced Scorecard Failures**

- 1.** Accounting approach with a systematic neglect of the human capital; no linkage between the critical success factors of the organization and the personal critical success factors of individual employees —creating human capital tensions between work and non-work aspirations.
- 2.** Emphasis mainly on financial measures rather than non-financial, leading to measures that do not connect to the drivers of the business and are not relevant to performance improvement.
- 3.** No explicit link between shared ambition and specific organizational objectives; results in insufficient employee support to work according to organizational performance measures and an implementation plan that is not grounded in reality and unable to respond quickly to unforeseen events.
- 4.** No explicit link between personal ambition and ethical behavior; a systematic neglect of personal integrity.
- 5.** No explicit link between personal ambition and shared ambition.
- 6.** Poor communication of the new way of working by management; results in creation of an employee mentality that is hostile to management messages.
- 7.** Results in an individual performance plan that focuses too much on the money side and not enough on delivering organizational values, leading to a “what’s in it for me” culture.
- 8.** Self learning and team learning are not stimulated; results in creation of a climate of defensiveness and mistrust and a business strategy that is poorly understood and therefore impossible to execute.
- 9.** Too many objectives defined and too many performance metrics being measured.

10. Data on current individual and organizational performance insufficiently available; poor data on actual performance, neglecting most of the effort invested in defining performance measures by not being able to monitor actual changes in results from changes in behaviour.

### **3.10 Building & Implementing a Balanced Scorecard: Nine Steps to Success**

Award-winning framework, *Nine Steps to Success*, is a disciplined, practical approach to developing a strategic planning and management system based on the balanced scorecard. Training is an integral part of the framework, as is coaching, change management, and problem solving. So the scorecard system can be sustained.

A key benefit of using a disciplined framework is that it gives organizations a way to ‘connect the dots’ between the various components of strategic planning and management, meaning that there will be a visible connection between the projects and programs that people are working on, the measurements being used to track success, the strategic objectives the organization is trying to accomplish and the mission, vision and strategy of the organization.

### **3.11 The HR Scorecard**

The new economic paradigm is characterized by speed, innovation, quality and customer satisfaction. The essence of the competitive advantage has shifted from tangible assets to intangible ones. The focus is now on human capital and its effective alignment with the overall strategy of organizations. This is a new age for Human Resources. The entire system of measuring HR’s contribution to the organization’s success as well as the architecture of the HR system needs to change to reflect the demands of succeeding in the new economy. The HR scorecard is a measurement as well as an evaluation system for redefining the role of HR as a strategic partner. It is based on the Balanced Scorecard framework developed by Kaplan and Norton and is set to revolutionize the way business perceives HR.

Firms with high performance work systems tend to devote considerably more resources to recruiting and selection. There is a strong emphasis on training and performance management and compensation is tied to performance. Teamwork is encouraged, there is

generally less unionization and they have a large and effective HR team. It is important to note, that all these factors in tandem, not in isolation, lead to better performance, once again showing the systemic nature of HR's role in performance enhancement. The effects of these measures are lower employee turnover, more retention, greater sales per employee and a greater market value for the firm.

It is also important for the HR system to constantly check for alignment of all its parts i.e. how much they reinforce or conflict with each other. An example of misalignment is a policy that encourages teamwork but rewards individual contributions.

In the service sector, the employee-customer relationship is very obvious and visible and so the impact of value creation is unmistakable. But, in many firms, the value is derived from the operational processes and quality of work that the employees generate. This is less obvious to competitors and it cannot be imitated. It is especially in these kinds of firms that the alignment of HR strategy and policy with the overall strategy of the firm matters the most.

The alignment process begins with a clear understanding of what kind of value the organization is supposed to generate and how it should be generated. In the Balanced Scorecard, this is referred to as the 'strategy map' that stresses the relationship between the ultimate goals and the key success factors at the four important levels of customers, internal operations, people and systems.

Once the firm has a clear understanding of the value-creation process, it can then design an implementation model that specifies needed skills and competencies and employee behaviours throughout the firm. The HR management section can then be directed towards generating these necessary competencies and behaviours. The stress is not just on the creation of sound HR policies and strategies. How these are implemented is also very important. There has to be a strong alignment with the firm's competitive strategy. A high performance HR system will also tend to be unique. This is because it depends on the particular organization, its goals, people and strategy. Hence, it proves to be a strategic asset.

### **3.12 The Balanced Scorecard and Balanced Performance Measurement**

The Balanced Scorecard emphasizes the importance of measuring business performance from the perspective of strategic implementation, rather than relying solely on financial results. Senior managers tend to pay far too much attention to the financial dimensions of performance and not enough attention to the driving forces behind those results. Financial measures are lagging indicators i.e. backward looking. They are designed to rectify or change past results. Performance drivers on the other hand are within the control of the management in the present and the Balanced Scorecard methodology encourages management to look at these leading indicators as well. By specifying the important process measures, assessing them, and communicating the firm's performance based on these criteria to the employees, the managers can ensure that the entire organization participates actively in the strategy implementation process. It is a unifying tool in strategy implementation.

To achieve strategy alignment, firms must engage in a two-step process. As mentioned before, first the managers must understand the details of how value is created in their firm. Once this is done, they can design a measurement system based on their understanding. The first step focuses the organization on two dimensions of the strategy implementation process namely breadth and causal flow. Breadth refers to the fact that companies must study more than just financial results as outcomes of strategy implementation. It must also focus on other key performance drivers.

Causal flow refers to the series of linkages between financial and non-financial determinants of firm performance. This gives the managers a deeper perspective of why certain financial results are the way they are. It allows them to link the financial measures to the non-financial measures of success. The second point is the design of a measurement system. This involves attaching metrics to the financial and non-financial determinants.

The Balanced Scorecard identifies four key perspectives that directly and completely define strategy measurement and analysis. They include the financial perspective, the customer perspective (e.g. customer loyalty and satisfaction), the internal processes perspective (e.g. process quality and process cycle time) and finally learning and growth perspective (e.g. employee skills) that is the leading indicator.

The next important step is communication. The top management that has done the above analysis must communicate their findings and decisions to the middle and front-line managers, who in turn must communicate it to the other employees. In this way, everyone in the organization is made aware and can participate in the strategy implementation process. This also helps allocate resources intelligently and guides employees' decisions. The Balanced Scorecard model recognizes the importance of both tangible and intangible assets and of financial and non-financial measures. It focuses on the complex connections among the firm's customers, operations, employees and technology and places an important role for HR. The BSC framework highlights the differences between leading and lagging indicators. Lagging indicators include financial metrics, which typically reflect only what has happened in the past. Such metrics accurately measure impacts of past decisions but don't help in making current decisions or guaranteeing future outcomes. The leading indicators are the unique indicators for each firm. They include process cycle time, customer satisfaction or employee strategic focus. These indicators assess the status of key success factors that drive the implementation of the firm's strategy and hence emphasize the future rather than the past.

### **3.13 Why Implement a Balanced Scorecard?**

- Increase focus on strategy and results
- Improve organizational performance by measuring what matters
- Align organization strategy with the work people do on a day-to-day basis
- Focus on the drivers of future performance
- Improve communication of the organization's Vision and Strategy
- Prioritize Projects / Initiatives

### **3.14 Integrating HR into the performance measurement system**

To integrate HR into a business performance measurement system, managers must identify the points of intersection between the HR and the organization's strategy implementation plan. These points are commonly called the HR deliverables. They are the outcomes of the HR architecture that serve to execute the firm's strategy. This is in contrast to the aspects of HR that focus on HR efficiency and activity. The deliverables can be classified into two groups, namely the performance drivers and the enablers. Performance drivers are core people-related capabilities or assets such as employee

productivity and satisfaction. There is no single correct set of performance drivers. Each firm needs to identify its own set based on its unique characteristics.

Enablers reinforce performance drivers. Preventive maintenance can be considered an enabler of on-time delivery, which is a performance driver. A performance driver can have several enablers. Most of the time, each enabler separately may seem rather mundane but it's the cumulative effect that has strategic importance.

### **3.15 Performance Drivers**

HR managers tend to focus on performance drivers in an attempt to demonstrate their strategic impact. However, in most cases although they do stress on these drivers they are unable to make a solid case for it since they do not have the right measures. Without measures one cannot display HR's actual contribution to the overall mission. Most of the measures used are very simplistic and it undermines HR's credibility in the organization. This credibility is very important since it is what matters when a manager is faced with a conflict between financial and non-financial reports. For example, if people measures are good but financial measures are bad, the manager will go for the solution that supports the credibility of finance or HR. In most cases it is finance and the immediate decision is reducing bonuses etc. as the CFO might feel it is not warranted when there is no proof of performance. The point that is being missed is that the CFO is looking at the lagging indicators. Balanced performance needs one to look at the leading indicators such as HR measures as well since these are the ones that create value in the organization. High HR scores in the face of low finances actually signal improved finances in the future (provided other leading indicators are also on the positive side). Similarly, strong financial measures and weak leading measures such as HR measures are indicative of a financial problem in time to come. Thus, managers must interpret these measures in a balanced manner looking at the past and into the future. Identifying HR performance drivers can be very challenging since it is unique to the firm. It is important to identify the performance drivers and integrate them directly into performance criteria giving them equal weight with the more traditional performance measures. For example, one half of the bonus pays can be based on the financial results while the other half is based on the employee's adherence to the value behaviours.

### **3.16 HR enablers**

HR enablers reinforce the core performance drivers. If employee productivity is identified as a performance driver, re-skilling and training can be considered an enabler. Some enablers might be specifically HR focused i.e. they enhance the effectiveness of HR performance drivers. There might also be some HR enablers that do have profound positive effects with respect to the other perspectives as well, such as customers, operations and the financial segment. It is important to identify these and keep them up to date with the current goals of the organization. Without the properly aligned enablers, it is not possible to implement new strategies. The systemic aspect of HR once again comes to the forefront, whereby the entire HR system can influence employee behaviour from different points. Thus, HR managers should evaluate the degree to which their firm's system of enablers support the HR as well as non-HR performance drivers as listed in their Balanced Scorecards. By identifying the links between enablers and universal performance drivers, the HR team can play a much larger role and suggest ideas that can affect other sectors in the firm as well.

Basically, the direct impact on the HR systems' high performance characteristics is non-linearly related to the increase in market value. This is because in the lower ranges of performance, increase in market value is basically because HR stops making mistakes it used to make in the past. It is almost like it is getting out of the way and avoids blunders and wrong practices that worsen the situation. In the middle range of performance, HR starts consolidating its efforts. It is learning from its mistakes and in the process does not actually add much to the market value of the employees and the company, but once a certain threshold is crossed indicating that the firm has adopted the appropriate HR practices and implemented them effectively, the market value soars exponentially. This is mainly because the HR system starts getting integrated into the overall strategic system of the firm. Basically, the firms must consolidate the appropriate HR policies and practices into an internally coherent system that is directly aligned with business priorities and strategies that are most likely to create economic value. This can lead to significant financial returns to the company. It is this plan that must be made concrete and shown as a strong case to make senior management believe in HR's potential.

It is important to note however, that simple changes in an HR practice do not make a difference. The HR measures describe the whole HR system and changing the system to



cross the threshold mentioned above needs time, effort, insight and perseverance since results are not directly proportional. This clearly indicates the requirement of an HR transformation rather than a change. It is this very character of transformation, which is difficult and time-consuming to achieve, that makes HR a strategic asset.

Along with value creation, there must also be a strong case for HR's role in strategy implementation. Strategy implementation rather than strategy content separates the successful from the unsuccessful firms. It is easier to choose an appropriate strategy than to implement one. This once again shows the strategic nature of HR's role in performance improvements. Successful strategy implementation is driven by employee strategic focus, HR's strategic alignment and a balanced performance measurement system. The most important HR performance driver is a strategically focused workforce. Effective knowledge management combined with the above-mentioned a factor creates a strategically focused organization.

### **3.17 Aligning the HR architecture with the HR deliverables**

It is also important to consider how the HR system made up of the rewards, competencies; work organization etc. needs to be structured to provide the deliverables that are identified in the strategy map. This step enhances the value creation aspect of the firm by aligning the HR system with the firm's larger strategy implementation system. For this, internal alignment and external alignment are important.

Internal alignment refers to the aligning components within the HR system. External alignment refers to the alignment of the HR system with the other elements in the firm's value creation process. These two are not isolated processes. They are closely related. Internal alignment is necessary but not sufficient in itself for external alignment to occur. Basically, highly cohesive HR strategies will work as long as they are aligned well with the overall strategy of the company.

It will fail if it is not periodically reshaped so as to align it with the overall strategy. However, for a particular fixed overall strategy, all firms need an internally aligned HR strategy in order to achieve the overall goals. Misalignment between the HR system and the strategy implementation system can destroy value. In fact, the wrong measurement system can have the exact opposite effect than intended.

### **3.18 Designing the Strategic HR measurement system**

The above steps guide the development of the HR architecture and lay the groundwork necessary to measure the performance relationship between HR and the firm's strategy. The next step is to design the measurement system itself. This requires a new, modern perspective on measuring HR performance. It also requires HR to resolve several new technical issues that it might not be familiar with. To accurately measure the HR-firm performance relationship, it is imperative that the firm develops valid measures of HR deliverables. This task has two dimensions. Firstly, HR has to be confident that they have chosen the correct HR deliverables. This requires that HR have a clear understanding of the causality in the value chain for effective strategy implementation.

Secondly, HR must choose the correct measures for those deliverables. During this process of developing the HR scorecard, the firm might go through several stages of increasing sophistication. The first stage is normally the traditional category of measures. These mainly include operational measures such as cost per hire, activity counts etc. These are not exactly strategic measures. In the second stage, HR measures have a strategic importance but they don't help much in making a case for HR as a strategic asset. Firms may declare several people measures such as employee satisfaction as strategic measures and these might be included directly into the reward systems. In this stage, there tends to be a balance between financial and non-financial measures but there is less of an agreement on how exactly they combine together to implement the strategy. These are normally hasty decisions and the firms might have not gone through all the previous steps mentioned above. The next stage represents a transition point whereby the firm includes non-financial measures such as HR measures into its strategic performance measurement system. The links between the various measures are also identified i.e. they are placed appropriately in the strategy map. The HR measures now actually track HR's contribution to strategy implementation. In the final stages, the HR measurement system will enable the firm to estimate impacts of HR policies on firm performance. If the value chain is short and the strategy map is relatively simple, the complete impact of HR on the overall performance can be measured. For more complex value chains, the impact can be more accurately measured on local segments or sectors of the strategy map. These local impacts can then be assimilated to give a good measure of the total impact on the firm's performance. Thus, each level of sophistication of the measurement system adds value to

the non-financial measures and forces in the firm and enables a better performance appraisal.

### **3.19 Implementing the strategy by using the measures**

The previous step completes the HR scorecard development process. The next step is to use this powerful new management tool in the right way. This tool not only helps the firm measure HR's impact on firm performance, but also helps HR professionals have new insights into what steps must be taken to maintain HR as a strategic asset. It helps the HR professionals dig deeper into the causes of success and failure and helps them promote the former and avoid the latter.

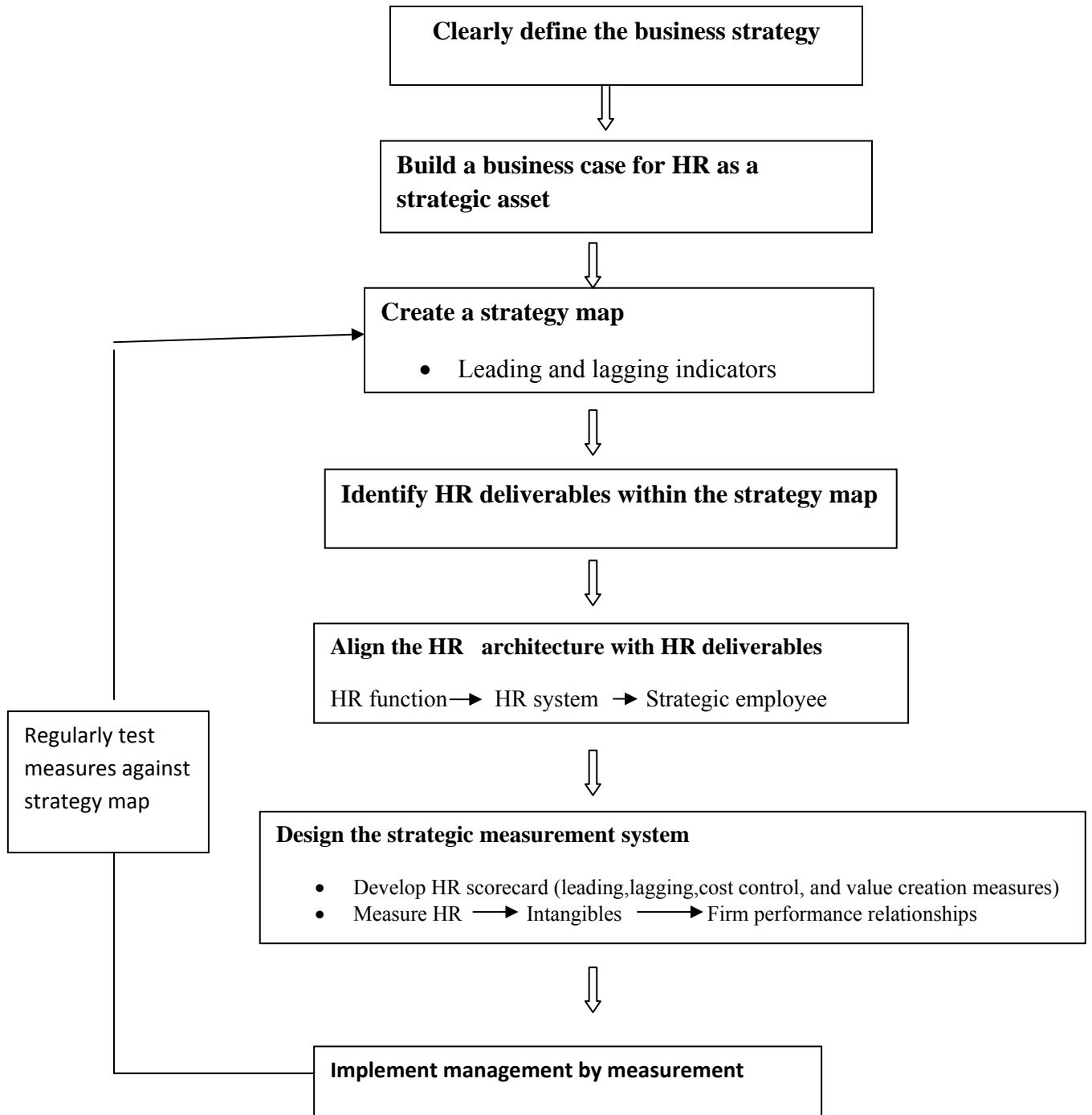
Implementing the strategy using the HR scorecard requires change and flexibility as well as constant monitoring and re-thinking. The process is not a one-time event. HR professionals must regularly review the measures and their impacts. They must review the HR deliverables identified as important and see to it that the drivers and enablers and internally as well as externally aligned.

Special reviews of the HR enablers must be conducted as these have the maximum direct impact on specific business objectives. Enablers that do not tend to play a positive role should be replaced.

### **3.19 Seven Step Implementation Model of HR Balance Scorecard**

A 7-step model suggested by Becker et al. (2001) is given below:

- Step 1: Clearly define business strategy
- Step 2: Build a business case for HR as a strategic asset
- Step 3: Create a strategy map
- Step 4: Identify HR deliverables within the strategy map
- Step 5: Align the HR architecture with HR deliverables
- Step 6: Design the strategic HR measurement system
- Step 7: Implement management and measurement



**Fig.3.2: A Seven-Step Model for Implementing HR's Strategic Role**

### 3.21 Benefits of the HR Scorecard

The HR Scorecard offers the following benefits:

- **It reinforces the distinction between HR do-ables and deliverables:** The HR measurement system must clearly distinguish between the deliverables that

influence strategy implementation and do-ables that do not. Policy implementation is not a deliverable until it has a positive effect on the HR architecture and creates the right employee behaviours that drive strategy implementation. An appropriate HR measurement system will encourage HR professionals to think both strategically as well as operationally.

- **It enables cost control and value creation:** HR is always expected to control costs for the firm. At the same time, HR has to fulfill its strategic goal, which is to create value. The HR scorecard helps HR professionals balance the two and find the optimal solution. It allows HR professionals to drive out costs where appropriate, but at the same time defend investments in intangibles and HR by outlining the benefits in concrete terms.
- **It measures leading indicators:** Just as there are leading and lagging indicators in the overall balanced performance measurement system, there are drivers and outcomes in the HR value chain as well. It is thus important to monitor the alignment of the HR decisions and systems that drive the HR deliverables. Assessing this alignment provides feedback on HR's progress towards these deliverables and lays the foundation for HR's strategic influence.
- **It assesses HR's contribution to strategy implementation:** The cumulative effect of the HR Scorecard's deliverable measures provides the answer to the question regarding HR's contribution to firm performance. All measures have a credible and strategic rationale. Line managers can use these measures as solutions to business problems.
- **It lets HR professionals effectively manage their strategic responsibilities:** The scorecard encourages HR managers to focus on exactly how their decisions affect the successful implementation of the firm's strategy. This is due to the systemic nature of the scorecard. It provides a clear framework to think in a systemic manner.
- **It encourages flexibility and change:** The basic nature of the scorecard with its causal emphasis and feedback loops helps fight against measurement systems getting too standardized. Standardization is good for things that don't tend to have

a dynamic nature but firm performance is a dynamic phenomenon. Every decision needs to be taken based on the past and future scenarios. One of the common problems of measurement systems is that managers tend to get skilled to obtain the right numbers once they get used to a particular measurement system. The HR scorecard engenders flexibility and change because it focuses on the firm's strategy implementation, which constantly demands change. With this framework, measures simply become indicators of the underlying logic that managers accept as legitimate. It helps them look at the bigger picture and since there are no perfect numbers it makes it easier for managers to change direction when needed.

### **Leveraging HR Performance Drivers**

Strategic HR and performance are the most dominant factors for achieving maximum throughput of any organization (Pathak et al. 2006, Sushil 2000). Herein, briefly the 'HR Performance Drivers' is going to be touched upon in the succeeding paragraph.

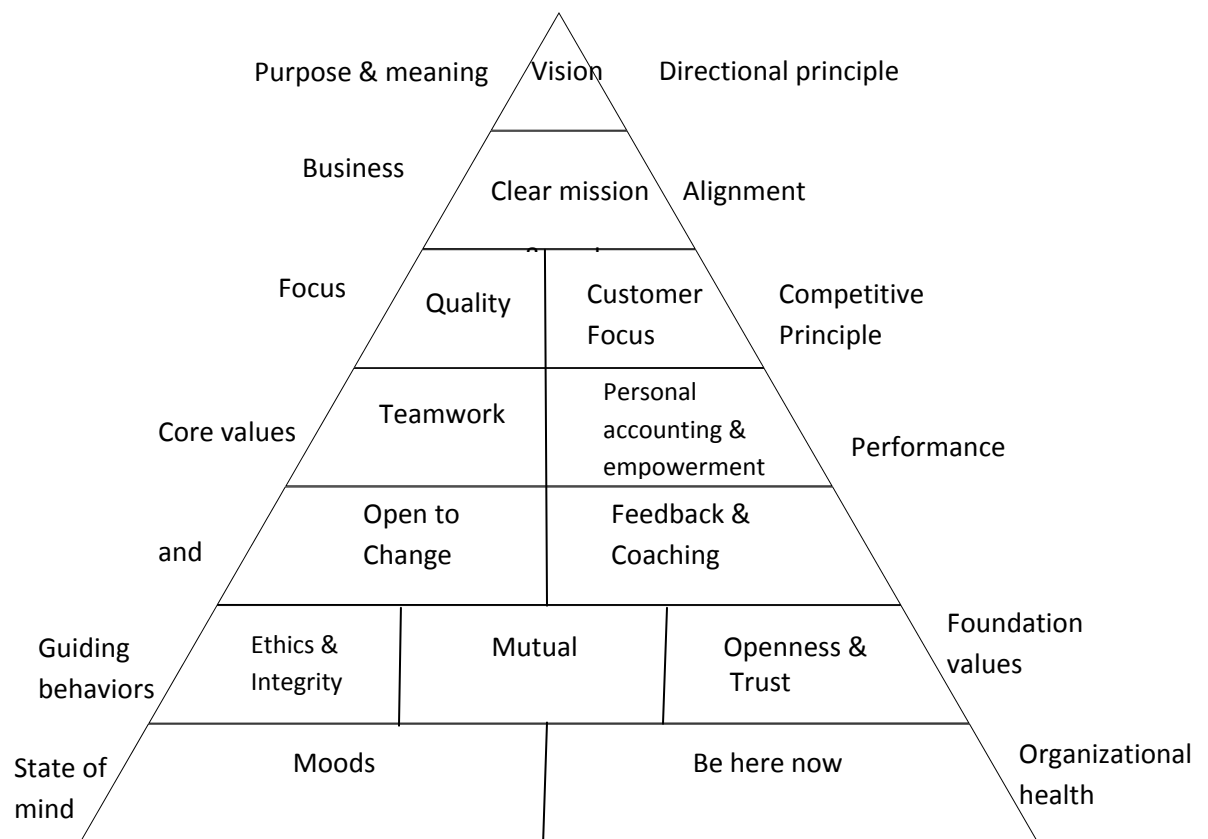
### **3.22 Organizational Work Culture**

Any change programmed is dependent for its success on the culture in which it operates. It is a fundamental prerequisite that in order to implement benchmarking successfully we have to look at culture and understand the problems and opportunities that may result. Benchmarking may indeed show that in some key areas the company is flying high, but the need for change is still wanting. An organization adopts benchmarking for a variety of reasons; it continues benchmarking for only one reason- it recognizes the need to change. This will be change that embraces the incremental, continuous change inherent in total quality Management. The 7-S McKinsey model is value-based management (VBM) model, which effectively organize a company into a productive enterprise. The various, seven dimensions (McKinsey 7S Framework, 2007 & Waterman et al. Business Horizons, June 1980) are Strategy, Structure, Systems, Staff, Style, Skills and Shared values. Much of the change that will be required will be step change that enables the organization not only to catch up with, but to outpace its competitors.

### **3.23 Balance strategic high performance culture**

Strategy alone is inadequate in itself unless we have strategic vision & strategic thinking (Pathak et al. 2007). Taken together with a possible need to change how the organizations work, how its people are managed and how process overcome barriers caused by functionality. This is a business important role that is available to an HR group that has

its thinking right. All too often the personal/HR function operates in the control zones of establishment control, low level recruitment, training and running the company canteen. Personal/human resource specialists have more opportunity than any other departments to test out consult with employees on proposed changes. HR must become the ‘internal consultant of the future. They have experience as catalysts across the whole organization and someone has to provide the necessary support for projects such as benchmarking. The role of HR is as a deliverer of change. However to do this HR must be able to make a contribution that adds value through it’s understand of culture and possible sources of resistance.



**Fig.3.3: A Balanced strategy for a high –performance culture**

Figure 3.3 relates a model of high performance culture that will be able to cope with the investigable change that benchmarking will show is necessary.

Starting at the bottom of Figure 3.3 is the recognition that what people feel is crucial to behavior, and thus to organizational health. This leads onto ethical consideration of openness and trust. With these in place it is possible to develop empowerment, teamwork and a willingness to accept change. At the top of the figure are the vision and goals that are essential to providing a high quality service to customer.

Senior executives must understand the new value system and be given there own workshop on what it means in proactive. This should be backed up by asking employees, trade union and other stake holders what the values mean to the business excellence approach is a good way of finding out whether our action is meeting our aspirations. There is no easy way of implementing a changed value system. It must be identified and then the values lived in practice at every opportunity.

### **3.24 Key Themes of Organizational Dynamics**

#### **3.24.1 HR Balanced Score Card**

The exponent of Balance Score Card (BSC) techniques are Kaplan and Norton (1996), which stresses on measurement of performance in the organization. Primarily the Balance Score Card complements financial measures of past performance with measures of the drivers of future performance. The objectives and measures of the scorecard are derived from an organization's vision and strategy. The objectives and measures view organizational performance from four perspectives:

- (i) Financial
- (ii) Customer focus
- (iii) Internal business processes, and
- (iv) Learning and Growth

Thus, it is observed that Balanced Score Card (BSC) expands the set of business unit objectives and goes beyond summary financial measures. It is a strategic management system. Through a series of cause-and-effect relationships embodied in BSC, the inherent/inbuilt capabilities of an organization eventually become translated into superior financial performance.



Becker et. al (2001) have further done value creation from the 'human capital' and linked people performance with organizational Strategy, HR Balance Scorecard Develops the '*Causal model*' into '*high performance drivers*' by igniting into the people's '*HR core competencies*'. This framework of an organization fundamentally rests on the promise of its measurement system. We cannot measure something that we cannot describe. Measurement is the only language used to all this is possible according to Warren Bennis, authority on leadership, only by unleashing the brainpower of the people of the organizations (Becker et. al., 2001; Gibson, 2002).

And the High Performance Work Practices (HPWP) or High Performance Work System (HPWS) has four manifestations of HR capital:

- (i) The Personnel Perspective
- (ii) The Compensation Perspective
- (iii) The Alignment Perspective and
- (iv) The HPWS (High Performance) Perspective

### **3.24.2 Six Sigma Philosophy**

Six Sigma is primarily a management philosophy that attempts to improve upon customer satisfaction to near perfection. Six Sigma is a smarter way to manage a business or a department by managing with facts, figures and data. Herein, the overriding philosophy is '*customer satisfaction*'. The objective of Six Sigma is to drive process improvements by focusing on defect elimination, rather creating and improving products/services that results in a very small number of defects.

Six Sigma is equal to 3.4 defects parts per million opportunities. This says a six-sigma company has little more than, 3 bad customer experience (3.4) for every million opportunities (Ecke, 2001(a) 2001 (b)). As per Pande (2002) and Ecke Six Sigma efforts target the main areas of improvement as under:

- Improves customer satisfaction
- Reducing cycle time
- Reducing defects

It has also three CSFs (Critical success factors)

- Strategic components

- Tactical component
- Cultural component

As per Ecke, the 'cultural component' of the CSF is most important as the 'cultural acceptance of change' or resistance to change is the single most dominant factor which broadly confront all of us in the improvement process. Ecke has further suggested a performance based formula for continuous improvement. Six Sigma, thus, is about asking tougher and tougher questions until we receive quantifiable answers that changes behavior as well as takes us out of enveloping comfort zone. It is this formidable promise which takes us to amazing heights of excellence. There are main five breakthrough strategies of Six Sigma philosophy (D-M-A-I-C) as under:

- D–Define: The goals of the improvement activity
- M–Measure: The existing system
- A–Analyze: The system to identify ways to eliminate the gap between the current performance/or process) and
- I–Improve: The system
- C–Control: The new system

There are three more parameters, like recognize, standardize and integration. The improved system may be institutionalized by modifying compensation and incentive system, policies, procedures, MRP, budgets, operating instructions etc. (Ecke, 2001).

A following case study example has been cited for better comprehension of Six Sigma philosophy.

### **3.25 Case study example**

A case-study for six-sigma cultural transformation has been carried out in one of the DRDO training unit (Pathak, et.al, 2004). The Performance of personnel in the unit on the year wise basis has been considered for the study.

### **3.26 Finding of the Study**

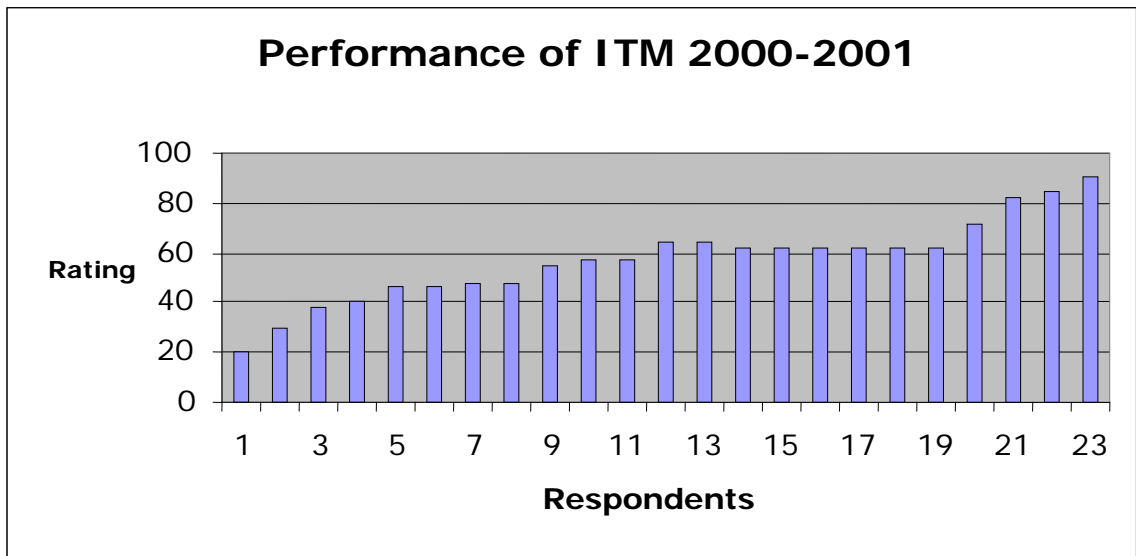
A format of appraisal system was given to all concerned personnel (divisional heads and sectional head) and explained what is a required out of them and how to fill up. The Performance Evaluation considering the Six Sigma Approach has been specified in Table: 3.1 below.

**Table 3.1: Performance Evaluation: Six Sigma Approach**

<b>Q x A Score</b>	<b>Results</b>
0 – 20	Wasted efforts and money on six sigma
21 – 40	Some tactical results appear, but initiative may likely die down
41 – 60	Significant tactical results achieved, initiative will focus on projects for the life of six sigma
61 – 80	Cultural transformation takes place, but requires reviewing for survival/staying
81 – 100	Cultural transformation has taken place—a world-class six sigma organization has emerged

If the value of Performance Evaluation(E) is measured as per Table 3.1 and is answered 60 per cent then cultural transformation takes place but requires reviewing and only after 80 per cent of E value, the transformation of an organization takes place—a world-class six sigma organization comes to stay. At around 40 per cent, only cultural transformation visibility starts, which requires lot of initiative to be taken, otherwise it will die down.

From the calculation and further validation from individual higher value of performance was found to be 87 per cent and average 75 per cent. This clearly shows that six sigma meaning higher performance cultures, is setting in (> 60 scale). A graphical representation is given below in Figure 3.4.



**Fig.3.4: Performance of ITM – 2000-2001**

### **3.27 Concluding Remarks**

In this chapter, a review of general concept of traditional and modern management has been made with an evolutionary angle of approach. Strategic HR dimensions, HR functions and other aspects of HR Architecture have been discussed. Further, Six Sigma philosophy, and HR Balance Score Card (BSC) have been briefly covered, which are identified as the key themes for the study. Also, a case study of six sigma performance measurement has been presented and validated from the actual feedback of the participants as well as employees working in one of the training establishment of DRDO.

Finally, the HR performance drivers have been deliberated for achieving organizational excellence. Passionate work-culture and 'rethinking' critical business principles coupled with core competence usher-in amazing results. Strategy-breaking it down to actions-plan, course of actions and finally implementing with passion-nonstop fire-is considered one infallible tool for synergizing human capital into High Performance Work System (HPWS) mechanism. Unleashing the brain-power of people of the organization and revisiting the business aiming at core strategic vision, may decidedly help converting an organization into a 'passionate-organization'.

## Chapter 4

# Harnessing of Emotional Intelligence for Transforming Corporate Excellence

### 4.1 Introduction

*JRD Tata had said, ' If you strive for perfection, then only you will achieve excellence.'"*

*Aristotle had said" We are what we repeatedly do. Excellence, then, is not an act, but a habit."*

Effective management of organizations and human resources is facing enormous challenges. Organizations are downsizing, reengineering themselves to compete in the global market and facing an explosion of available information (Luthans, 1998). Max Messmer (1999), CEO of Robert Half, said in a recent survey of 150 executives from some of the nation's largest companies, that leadership skills were identified as the most important assets of managers. James E. Perrella (1999), Chairman, President and CEO, Ingersoll-Rand Company, stated America is moving from a manufacturing economy to a value-added, service-oriented economy. And at the heart of service are relationships: interpersonal relationships; intergroup relationships; and interdepartmental relationships. The ascendance of work teams in large organizations puts a new premium on relationship team skills. Among others, this set of skills includes the following competencies:

1. Communicating or listening openly and sending convincing messages,
2. Managing conflict, which entails negotiating and resolving disagreements,
3. Inspiring and guiding individuals and groups as a leader,
4. Initiating and managing change, and
5. Collaborating and cooperating with others toward shared goals (Perrella, 1999, p 437).

Emotional intelligence is defined as a person's self-awareness, self-confidence, self-control, commitment and integrity, and a person's ability to communicate, influence, initiate change and accept change (Goleman, 1998).

Studies have shown that emotional intelligence impacts a leader's ability to be effective (Goleman, 1998). Three of the most important aspects of emotional intelligence for a leader's ability to make effective decisions are self-awareness, communication and

influence, and commitment and integrity. Managers who do not develop their emotional intelligence have difficulty in building good relationships with peers, subordinates, superiors and clients (Goleman, 1998).

When it comes to improving organizational effectiveness, management scholars and practitioners are beginning to emphasize the importance of a manager's emotional intelligence" (Sosik, Megerian, 1999, p. 367).

#### **4.2 Emotional Intelligence (EI)**

Emotional intelligence is a combination of competencies. These skills contribute to a person's ability to manage and monitor his or her own emotions, to correctly gauge the emotional state of others and to influence opinions (Goleman, 1998). Goleman describes a **model of five dimensions**. Each area has its *own set of behavioral attributes* as follows.

1. **Self-awareness** is the ability to recognize a feeling as it happens, to accurately perform self-assessments and have self-confidence. It is the keystone of emotional intelligence (Goleman, 1995).
2. **Self-management or self-regulation** is the ability to keep disruptive emotions and impulses in check (self-control), maintain standards of honesty and integrity (trustworthiness), take responsibility for one's performance (conscientiousness), handle change (adaptability), and be comfortable with novel ideas and approaches (innovation).
3. **Motivation** is the emotional tendency guiding or facilitating the attainment of goals. It consists of achievement drive (meeting a standard of excellence), commitment (alignment of goals with the group or organization), initiative (acting on opportunities), and optimism (persistence reaching goals despite set backs).
4. **Empathy** is the understanding of others by being aware of their needs, perspectives, feelings, concerns, sensing the developmental needs of others.
5. **Social skills** are fundamental to emotional intelligence. They include the ability to induce desirable responses in others by using effective diplomacy to persuade (influence); listen openly and send convincing messages (communicate); inspire and guide groups and individuals (leadership); nurture instrumental relationships

(building bonds); work with others toward a shared goal (collaboration, cooperation); and create group synergy in pursuing collective goals.

### **4.3 A Leader with Emotional Intelligence**

Emotional Intelligence is the foundation of other aspects of leadership. Leaders who underestimated their leadership were positively linked to social self-confidence self-awareness may provide individuals with greater perceived control over interpersonal events and consequences in their life...transformational leaders who are self-aware possess high levels of self-confidence and self-efficacy and provide orientation for followers" (p. 384). The authors suggest that self-awareness may enable leaders to understand the emotional implications of their own feelings and thoughts.

Managers who maintain accurate self-awareness have more attributes of emotional intelligence and appear to be more effective to their superiors and subordinates the generous, people-oriented attributes helped him attract and keep great colleagues and investors. His emotional and inspiring traits allowed his enthusiasm to spread. The visionary, daring, intuitive and unpredictable qualities helped him to keep focused on the goal, avoid short-term gratifications and achieve his goal. His open-mindedness helped the company and himself to develop and retain different kinds of people. This ensured new ideas and fresh approaches to problem solving. Decentralize the power structure allowing his talented staff to express themselves in their own way.

An example of how emotional intelligence is used to express leadership is in the book "Seven Habits of Highly Effective People" by Stephen R. Covey (1989).

According to Covey the effect of developing the first three habits significantly increases self-confidence. You will come to know yourself in a deeper, more meaningful way. Understanding of one's nature, deepest set of values and unique contribution capacity becomes clearer. This is the foundation of emotional intelligence as defined by Daniel Goleman – self-awareness. It is also the building of motivational ability. Covey continues, saying that as the first three habits continue to be developed, one's sense of identity, integrity, control and inner-directedness will increase. There will be an increase in caring about what others think of themselves and their relationship to you. This is the development of the self-regulation and empathy aspects of emotional intelligence. The next three habits describe the social skills of emotional intelligence. They help a person

to heal and rebuild important relationships. Good relationships will improve, becoming more solid, more creative and more adventuresome. The seventh habit is developing one's self through the use of the first six habits. It is taking the time to reflect or further develop self-awareness. Take into account the words used by Warren Bennis (1994) to describe a leader. He uses the words integrity, self-knowledge, enthusiasm, vision, purpose, pursue goals, and honesty. These are the same words used to describe various facets of emotional intelligence

#### **4.4 Recognition of the importance of Emotional Intelligence**

In 1980 Reuven Baron was researching the qualities that lead to success. He showed there was much more than traditional Intelligence or IQ and developed the concept of Emotional Intelligence - the Emotional Quotient or EQ was born.

In 1985 an influential psychologist called Howard Gardener also challenged the current view of intelligence and proposed seven multiple intelligences which included social intelligence.

The idea that success in both life and in work (at least where managing people is a significant factor) became highly credible and organizations have recognized how their best leaders and managers need to develop their understanding of themselves and others.

In 1995 Daniel Goleman published the best seller "Emotional Intelligence" which has done a great deal for popularizing the concept.

#### **4.5 Necessity of Emotional Intelligence in Leadership**

Emotional Intelligence does not fit the classic historical models of leadership. The latter are usually associated with great figures of military history and conjure up charismatic and sometimes despotic images. However, people often use the same language for leadership today - bold, brave and tough with a strong sense of purpose and resolve. However, this does not fit today's needs, because:

- today's workforce does not accept the autocratic style often adopted by leaders following historical models of leadership.
- leadership has had to evolve to match a growing sense of democracy and independence in the workforce



- employees now have far more options and choices than the foot soldiers of yesterday

Emotional Intelligence (EI) is the capacity for understanding and managing one’s own and others’ emotions. There is increasing evidence that the characteristics of EI : self-awareness, self-motivation, empathy and social skills is more effective than traditional IQ in predicting future life success, Intelligence in particular has played a very minor role in organizational behaviour. In the workplace EI indeed have considerable potential for successful performance. From Table: 4.1 it is seen how EI is related to Leadership Styles within the organization.

**Table 4.1: Relating Leadership Styles to Emotional Intelligence (EI)**

<b>Leadership Styles</b>	<b>Characteristics</b>	<b>Competencies</b>	<b>Leadership Examples</b>
Coercive	Directive; demands immediate compliance	Self-control, initiative, drive to achieve	In a crisis, this leader would be effective at getting things going (a program or an employee)
Authoritative	Leads the way; mobilizes people toward his/her vision	Self-confidence, empathy, change agent	This leader is effective in situations requiring a new vision or direction
Affiliative	Creates harmony and cooperation; most concerned about the people	Empathy, relationship building, communication	This leader is effective at healing rifts between team members and motivating personnel in a crisis.
Democratic	Builds consensus through participation; gets everyone’s input	Collaboration, team leadership, communication	This leader is effective in building consensus and buy in on important decisions and projects
Pacesetting	Sets high standards; acts as a model for action	Conscientiousness, drive to achieve, initiative	This leader is effective at getting quick results from a highly motivated/ competent team.

Coaching	Supports, facilitates, and develops people; guides others to improve themselves for the future	Self-awareness, develops others, empathy	This leader is effective at helping employees to improve their performance and develop their strengths for the future.
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Source: Adapted from Daniel Goleman, "Leadership That Gets Results," Harvard Business Review, March-April, 2000, pp.82-83

#### 4.6 Modern demands leaders have to meet

Leaders now need to manage and lead an "empowered" workforce and go beyond the consultative, co-operative and democratic styles of today. These new demands include:

- **Consultation and involvement** - *but leaders still get criticized for not having and communicating and compelling vision and purpose.*
- **Autonomy and freedom** - *but leaders are still expected to take full responsibility when things go wrong.*
- **Opportunities for growth, challenge and glory** - *but leaders must be on hand to coach and mentor us so that we develop our potential.*
- **Inclusion and team spirit** - *but we still want our leaders to give us individual recognition and acknowledgement.*

#### 4.7 Passion, Ambition and Desire

Passion, ambition and desire are the driving forces that lead to success, without them, your goal cannot be accomplished. Passion, ambition and desire energize your thoughts, in the same way that the electric current energizes and operates machines and appliances.

“Passionate Employees” think of only two things;

1. Belief or trust in the company.
2. Value of the product and services offered to the client.

Belief or trust in the company has to be created over the years by generating commitment and passion through many of the following factors;

- a. Visionary leaders
- b. Culture of “We count on you”

- c. Challenging & worthwhile jobs
- d. Ample reward system
- e. Employee delight.

In its study, “Employee Passion : The New Rules of Engagement”, the Ken Blanchard Group describes employee passion as a “positive emotional state of mind resulting from perceptions of worthwhile work, autonomy, collaboration, growth, fairness, recognition, connectedness to colleagues and connectedness to leaders

#### **4.8 Leveraging Passion and Spirituality to Higher Passionate Work-Culture**

There is a big difference between people who just work and people who work passionately. And this difference is the difference between success and failure. People with Passion will automatically turn to be innovative and imaginative (Choudhary, 2001) and creative imagination is the crux of innovative and constructive work (Friedman, 2005). Webster dictionary defines passion as “intense or violent emotions, a great liking or enthusiasm”. Strong emotions, ‘fire in the belly’ ‘gripes in the guts’ all go altogether. Passion has different types e.g. ‘Zest for life’, ‘Drive to accomplish’, ‘Competitive fire’, ‘Passion for truth’. Passion unites power of head and heart in spiritually ignited fashion. Indelibly, ‘Passion’ is to success. It is about the valuable asset-people, who have positive attitude, commitment and desire to win. And this is the difference between people who just work and people who work passionately. And this is the difference between success and failure (Choudhary, 2001; Khera, 2000). In our opinion, passion encompasses all the four vital ingredients; soul, spiritual and emotional manifestations, power of full engagement for enhancing throughput of any organizations. Passion almost always makes people seem smarter and act smarter. A word of caution, we have to be away from negative Passion. We should also know what Passion is not:

- a) Passion is not acting without thinking.
- b) Passion is not Spirituality without purpose.
- c) Passion is not for fervor without clarity.
- d) Passion is not intuition and ‘gut feel’.
- e) Passion is not perversity.

Though there is scarcity of resources from time to time, passion, ambition and desire pushed them forward, until they achieved the success they pursued. *The role of EQ on leadership skill has a very significant effect on the performance of the group.* A leader of a group or an organization usually acts as a driver, who steers the direction of his or her group members as well as the performance of the group as a whole. For a good performance to be achieved, the members of the group or organization should move along together with their leader, and it is very important for the leader to impose a good quality of leadership. Thus, a good or high score of EQ in leadership is important in order to increase the performance of the group.

EQ also has impact on workplace performance. In workplace, the quality of EQ among members of the group plays significant role in determining its performance. For a group to perform, of course a high or at least good level of EQ among members is needed. As EQ is claimed to be trainable, more effort should be done in emphasizing it especially in education. Also, a role model or more should be appointed in order to give a better and clear picture to people on how effective the implementation of EQ could affect their life quality. Also, the employers should stress more on assessing their employees based on EQ quality rather than other skills such as IQ.

#### **4.9 Emotional Intelligence: an Inside-out Job**

Intelligence is your ability, either innate or learned, to acquire and apply knowledge from your emotions and the emotions of others. Using this information, you can make better decisions about what to say or do (or not say or do) in any given situation. The Emotional Intelligence (EI) competencies fall into two categories: intrapersonal (existing/occurring within the individual) and interpersonal (existing/occurring between persons). The competencies build logically upon each other. The first few (emotional self-awareness, emotional self-regulation and emotional self-motivation) are intrapersonal and lay the foundation for the interpersonal competencies, empathy and managing relationships.

Emotional Intelligence is an inside-out job. It starts with oneself: developing the intrapersonal skills. The more skilled a leader or manager is at emotional self-awareness, emotional self-regulation and emotional self-motivation, the easier it is to pick up on the subtle social signals of others, be empathetic and manage relationships successfully.

Effective interpersonal skills depend largely on developing effective intrapersonal skills. Emotional Intelligence is comprised of five basic competencies:

- i) The first is knowing what you're feeling,
- ii) The second is managing your feelings, especially distressing feelings,
- iii) The third is self-motivation,
- iv) The fourth is empathy,
- v) And the fifth is managing relationships.

#### **4.10 Intelligence Quotient (IQ)**

Intelligence quotient is the oldest factor among the three forms of intelligence was proposed for the first time in 1912 by German psychologist William Stern. The IQ was designed to define or "rate" the intelligence of humans on the basis of mental capacity. Thus, the overall mental capacity of a person can be measured by calculating IQ.

Studies have revealed that half of the human population's IQ falls between 90 and 110. While an individual with an IQ below 75 is considered mentally challenged, a person with an IQ above 130 is considered to be of superior intelligence.

The factors affecting IQ in a person in addition to heredity are nutrition and social environment which is responsible for the learning of a person. This shows that both physical and social factors are responsible for the development of mental health.

#### **4.11 Emotional Intelligence (EQ)**

Emotional intelligence was proposed and explained by Wayne Payne in 1985. Emotional intelligence of a person tells the ability of a person to understand one's own and others emotions precisely. If intelligence quotient helps in analyzing the task then EQ gives the basic motivation to do that task. The gains, losses, fear and confidence involved in doing a task are thus represented by EQ.

Emotional intelligence of a person helps him/her work in a team and assume the role of a leader or a good teammate. In this way, a person can be more productive in work and is considered happier than the person having relatively less EQ. Unlike IQ which is dependent on both nutrition (a physical factor) and on social environment (a social factor), EQ is dependent only upon social environment and not on the IQ.

#### **4.12 Spiritual Intelligence (SQ)**

Spiritual intelligence is a relatively new term and has not been widely studied by scientists. In some cases, the disapproval of SQ can be attributed to denial of the existence of spirit by the scientific community. Spiritual intelligence is also known as the social intelligence of an individual person; this is a more appealing definition to some, as the concept of spirit is removed from the equation. While IQ helps in analyzing a task and EQ represents the basic motivation behind a given task, SQ helps one to tackle the very basic question of, "Why should the task be performed?"

Spiritual intelligence or social intelligence of a person is dependent upon the social factors and the nature of the individual's environment or community. Although, the person might be living in accordance with a particular society's standards, the same rules may or may not be universal across all of human society.

#### **4.13 Relation between Intelligence Quotient (IQ), Spiritual (SQ), and Emotional (EQ)**

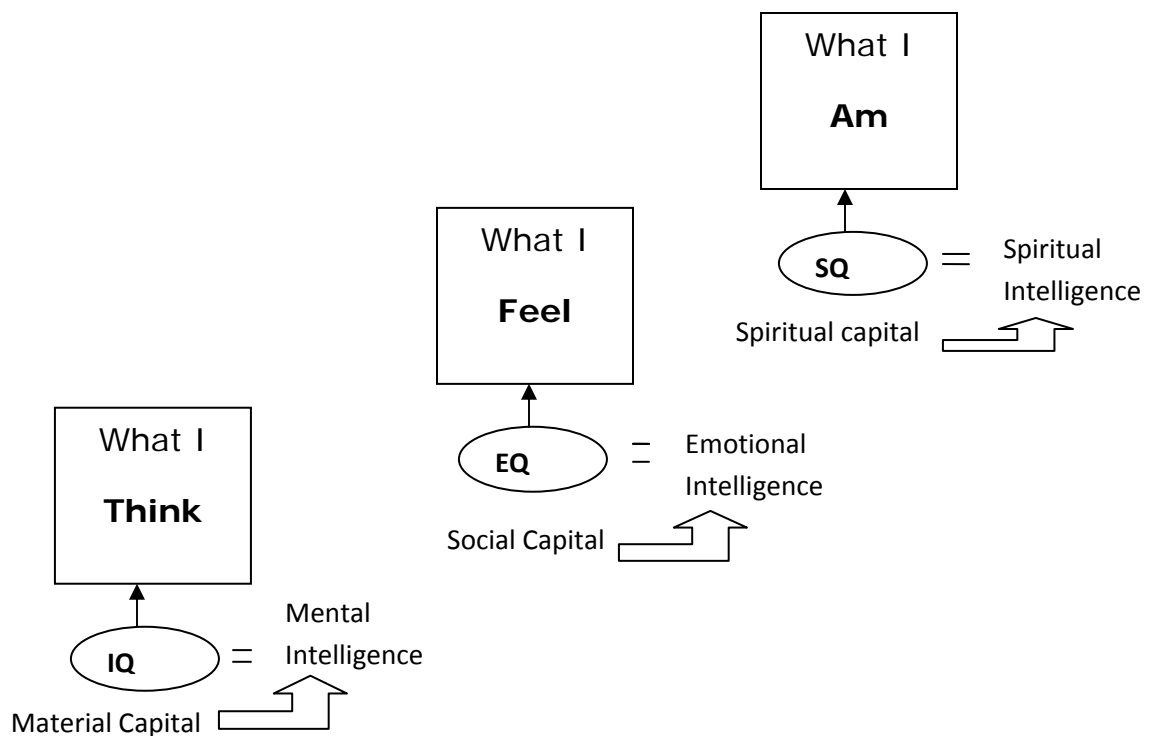
A way to understand the relation between physical, mental and social health aspects is by understanding three well defined scientific factors – Intelligence Quotient (IQ), Emotional Intelligence (EQ) and Spiritual Intelligence (SQ). These three factors are individually defined and collectively related to each other.

Once these factors are analyzed and related to each other, it becomes clear that mental, physical and social factors all contribute to the holistic health of a person in the form of IQ, EQ and SQ. It can also be concluded that the health of whole human society depends on an individual's health and the social factors. Health, education and moral institutions can combine to create a healthy atmosphere for the entire human society.

In 1986, health was restated by World Health Organization as a resource for everyday life, not the objective of living. Health is a positive concept emphasizing social and personal resources, as well as physical capacities.

Deepak Chopra has given a formula of spiritual quotient in terms of Deed (D) and Ego (E). According to Deepak Chopra  $S.Q. = D/E$ . According to him if E is 'zero' the S.Q. will be infinite. This appears to be very fascinating but it is highly abstract which cannot be measured experimentally accurately and precisely. However, this formula has immense value to understand S.Q.

“Spiritual Intelligence is about enduring values in these troubled times. To that extent it is only a re-claiming of the facet of personality, long lost sight of, in the pursuit of the profit-objective. If a leader realizes its true identity, is in the consciousness of its innate self, its true, original personality of peace and purity, and has the same vision for the other beings, has an intellectual communion with the Almighty, the Ultimate Source of values, he/she then becomes the embodiment of values and earns spiritual capital, which empowers him/her to be the master of change and be a successful visionary leader in 21st century.”(Dadi Prakashmani, Chief of Brahmakumaris World spiritual University).



**Fig. 4.1: From Intellectual to Emotional to Spiritual**

A self-empowered leadership certainly requires the cognitive skills of thinking, perception, analysis, synthesis, and reasoning (IQ). It also requires Emotional Intelligence (EQ) - the ability to understand the feelings and needs of oneself and others, to display self-control and self-confidence (but not arrogance or conceit), and to use interpersonal skills to respond to others’ feelings and needs in appropriate ways.

According to Danah Zohar, “The EQ people have started to see that if one really wants to motivate people and transform them, one need to have a noble cause, and when one starts talking about noble causes, one is in the realm of Spiritual Intelligence.”

“Spiritual Intelligence has been on the margins of business thinking since the 1990s.

Spiritual Quotient (SQ) refers to the degree to which an individual can demonstrate Spiritual Intelligence and 'Spiritual Capital' refers to a company's ability to generate wealth through Spiritual Intelligence.”(Danah Zohar, Spiritual Capital, Wealth we can live by).“The transformative power of SQ distinguishes it from IQ and EQ. IQ primarily solves logical problems. EQ allows us to judge the situation we are in and behave appropriately. SQ allows us to ask if we want to be in that situation in the first place. It might motivate us to create a new one.” (Danah Zohar & Ian Marshall, Spiritual Intelligence-the Ultimate Intelligence)

***A leader has to have emotional intelligence to align personal and subordinate goals to accomplish company goals.***

James A. Belasco and Ralph C Stayer (1993) suggest four responsibilities a leader must implement at all levels of an organization.

1. Transfer ownership for work to the people who do the work.
2. Create the environment where the transfer of ownership can take place, where each person wants to be responsible for his or her own performance. This entails painting a clear picture of what the company believes great performance is, for the company and each person; focusing individuals on the few great performance factors; developing in each person the desire to be responsible for his or her performance; aligning organization systems and structures to send a clear message as to what is necessary for great performance; engaging each individual’s heart, mind and hands in the business of the business; and energizing people around the business focus.
3. Develop individual capability and competence.
4. Create conditions in the organization that challenge every person to continually learn, including him or her self. These four principles align personal and company goals through emotional intelligence.



#### 4.14 Types of Intelligence Models

Pathak (2002) has developed a model of intelligence models and manifestations of emotional intelligence, which have been described in some of his papers (2001). These are of four types as under:

- IQ – Intelligence Quotient
- EQ – Emotional Quotient/Intelligence
- PQ – Passion Quotient
- SQ – Spiritual Quotient

Stephen Covey in his latest book “8<sup>th</sup> Habit” has mentioned about another quotient, i.e. XQ-`Execution Quotient`, which fills up `execution gap` and focuses on execution, which he calls as `XQ Score`. Stephen Covey (2004) further says that the 8<sup>th</sup> Habit is: “*Find Your Voice and inspire others to find theirs*”. For HR development and people linkage with HR typology, it is very important that the whole team should get along with full engagement of `war cry` like `unleashing brain-power` and working with full commitment, rather with passion and leveraging performance for obtaining organizational excellence.

Stephen Covey further asserts that for searching potential in people, adequate flexibility of learning, mindset and `skill set` flexibility are the most desirable ingredients. For these, there are four steps to be followed:

- *Modelling*: Inspires trust without any expectations from people.
- *Path finding*: Creates order without demanding
- *Aligning*: Nourishes both vision and empowerment without proclaiming them.
- *Empowering*: Increase human potential without externally motivating.

Sarah cook and Steve Macauley (Sep, 2004) have authored the book `Change Management Excellence`, where-in they have used the following `compass of intelligence` models for describing flexibility as `Change Management phenomenon`.

- BI - Business Intelligence
- EI - Emotional Intelligence
- SQ - Spiritual Intelligence
- PQ - Political Intelligence

Thus, the total intelligence types including the researcher's are:

- IQ – Intelligence quotient

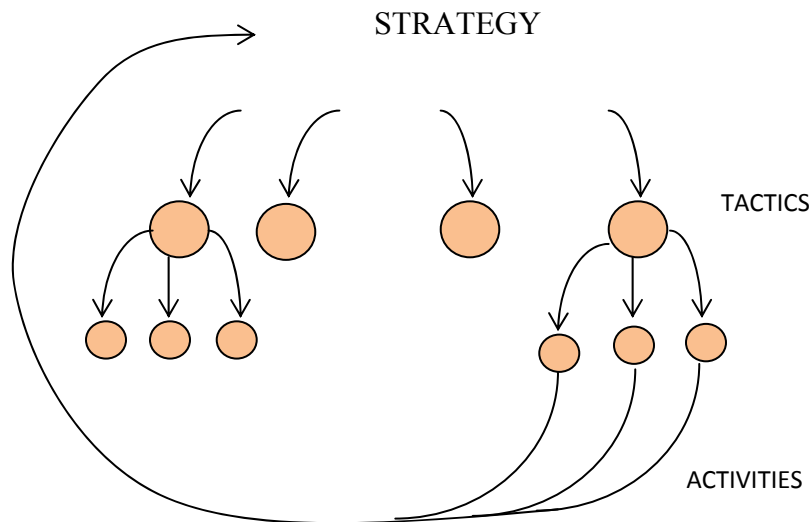
- EQ – Emotional quotient
- PQ – Passion quotient
- SQ – Spiritual quotient
- BI – Business intelligence
- PQ – Political intelligence/quotient
- XQ – Execution quotient/intelligence
- PQ – Physical quotient

These all intelligences help in getting successful organizational change, which is the main ingredient for achieving organizational excellence.

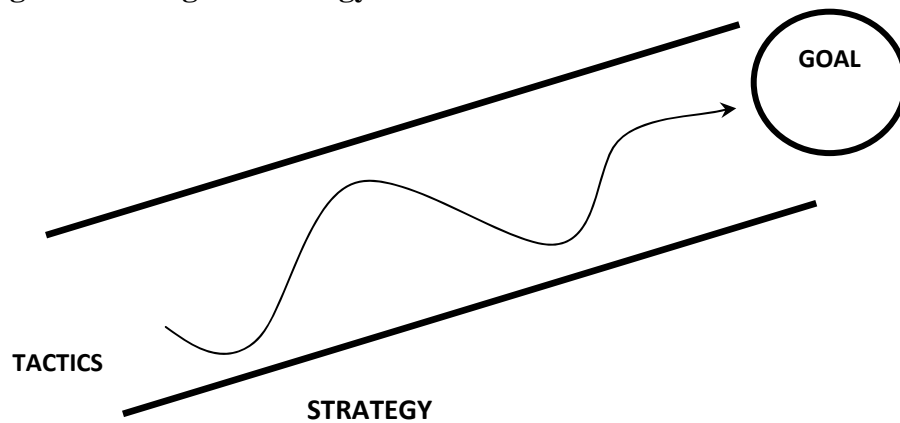
#### **4.15 Flexibility to Strategic Flexibility Manifestations**

**Flexibility:** - This is the core magic buzz used which simply means the ability to change or react with little penalty in time, effort, cost or performance (Sushil 2000 & Pathak 2006). ‘Flexibility’ as per Raynor (2007) means “change with existing constraints”. It is also interplay of two extremes of domain (like success, opposite is not failure but mediocrity as a flexible system approach).

**Strategy:** - Strategy is very much a debated topic. As per Peter F. Drucker (2001), strategy is fundamentally about differences. Strategy should be a force multiplier. We shape strategy and strategy shapes us. Mission defines strategy and strategy defines structure. The essence of strategy is choosing what not to do (Porter, 2002). Strategy is critical to the performance of all the organizations. The successful strategic thinkers more often than not, are ‘system thinkers’ and they focus less on day-to-day events and more on understanding trends and forces of change almost intuitively. And, this is the key concept for sailing through and surviving in the world of business turmoil and turbulence of shifting economies fluctuating demographics and dynamic competitive battlefield all over the world.



**Fig. 4.2: Linkage of Strategy & Tactics**



**Fig. 4.3: Strategy is a continuous process**

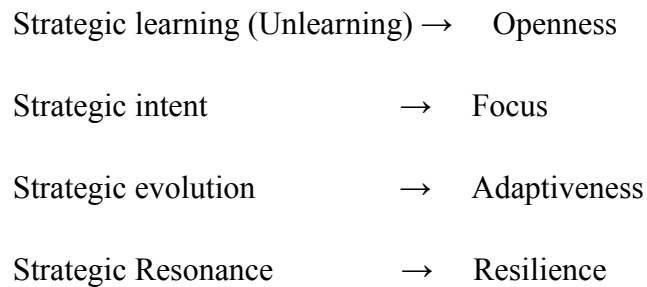
Strategy is not only five P's (plan, pattern, position, perspective and ploy- manoeuvre) but should set the direction, focus on effort and should be continuous and consistent creation (Mintzberg, et.al.2006). Strategy should depict a broader picture of the patterns of waves of sea-beach, once looked from a DCP(Data-Collecting-Platform)- a higher cliff or platform- what looks chaotic at lower level has a definitive pattern once viewed from a higher plethora. And, also strategy is a consistent concept of interconnectedness (Patel, 2006).Whereas; right strategy can lead to tremendous success and wrong moves to disastrous and annihilation.

#### **4.16 Strategic Flexibility**

Once embedding 'flexibility' into Strategy it becomes 'strategic flexibility' which becomes a more versatile word. This can be defined as, "Strategic flexibility is an organization's capability to identify major problems/ changes in the external environments, quickly mobilizing the resources to new courses of actions in response to

those changes, and recognize and act promptly, when it is time to halt or reverse existing resource commitments.” Herein, focus is on recognizing problem and committing the existing resources under the experiential learning environments of co-creation of value – system as well as continuum domain of flexibility. (Prahalad, 2004; Pathak et al.2008). Also, ‘Strategic flexibility’ is the ability to change strategies, which is something made largely impossible by the commitments required for success.”(Raynor, 2007). Creating the real options required to implement new different, effective, commitment-based strategies on a tempo defined by competitive markets can be done only in the spaces beyond constraints.

As per, Sushil (2000), the ‘Strategic flexibility’ has four parameters, which further lead to four dimensions of flexibility (Refer Fig.4.4)



**Fig. 4.4: Evolution of four dimensions of Flexibility**

#### **4.17 Improving Business Performance through Strategic HRM**

Today the human resource plays a major role in organizational performance. The major activities of resource management are tuned towards strategic exhibits of the organization. The strategic HR incorporates its core performance from the inception of its policies till its implementation of all the HR practices is routed to achieve high performance work system.

Organizational Performance is the outcome of various aspects like profitability, market share technology, culture, common team effort, sufficient skilled work force, required benefits, necessary development programs, visionary leadership, internal communication, peaceful relations, grievance handling and constructive challenges like adopting the global business, embracing technology, managing change developing intellectual capital, managing diversity creating work environment to get most from employees, contribute to their needs, achieving the short term and long term goals of the organization.

Every organization has its own strategies in improving performance; however there are some general practices to support the organizations for the effectiveness for high performance work system. The principles used are shared information, knowledge development, performance linkage and egalitarianism. Thus Policies, Practices and People are the three Ps primarily very important for the organizations towards effectives.

#### **4.18 Strategic Competitiveness**

Strategic competitiveness comprises of achieving competitive advantage through:-

- i. Innovation
- ii. Quality
- iii. Cost-leadership
- iv. By employing people who are better than those employed by competitors.

Whereas the elements of HR strategy are: - Resourcing, HR development and Reward.

#### **4.19 Emotional Intelligence (EI) leading to Inspirational Leadership**

More recently, Goleman has steered away from using EI as a selected tool and has moved into the broader-based domain of leadership. Inspirational leadership is about change, transformation, improvement and challenging the status quo. One of the distinctive characteristics of the purposeful values-driven organizations is that they institutionalize the process of ensuring Inspirational leadership. Inspiring leaders are more operationally value-based and principle-centered. They set highly ambitious goals and chose to operate in challenging business environments to enhance their internal competence and develop their competitiveness. Inspiring leaders are driven by a passion to win. (Chopra, et.al, 2004)

#### **4.20 Concluding remarks**

In the modern era organization are increasingly looking at HR as a unique and valued asset that ushers in sustainable competitive advantage. It will be observed that human capital is the foundation of value creation. The fast changing business scenario with increasingly globalization, changing demographics leads HR performance drivers as one single most dominant factor for organizations productivity. It is further observed that a Balance Scorecard (BSC) approach of the human capital (intangible asset) is the most sought for parameter today.

## Chapter 5

### Leveraging Leadership Manifestations

#### 5.1 Fundamental Concepts of Leadership

Leadership is one of those fundamental building blocks that drive everything else. The potential of the individual and the organization ultimately boils down to leadership. Most organizations now realize that they must embark on this unusual journey – searching and understanding leadership.

The discipline of management is giving way to the discipline of leadership. Another obvious point concerns performance. Look at any great team or organization and invariably great leadership is seen. Winning sports teams provide good examples, but numerous examples abound in the public, private, and non-profit sectors. So if you want to create a high performance organization, you must have strong leadership. Leadership is about values and how people communicate and live by these values. The business of leadership is considerably complex. Leaders have expectations of followers. Followers are critical to leaders from a “quality control” perspective. To become a leader, you must become yourself and become the maker of your destiny, thus enabling you to become the maker of a destiny for others.

Most management writers agree that “leadership is the process of influencing the activities of an individual or a group in efforts toward goal achievement in a given situation.” Thus it follows that the leadership process is a function of the leader, the follower, and other situational variables,  $L = f(l, f, s)$ .

The term *Effective Leadership* can be defined as: “getting the job done through high quantity and quality standards of performance”, and “getting the job done through people, requiring their satisfaction and commitment” (Luthans, 2008).

In order for the reciprocal process to work, there must be trust between the leader and the follower. Trust is like a thread running through everything, providing a grounding pillar for making leadership happen. Trust is a pre-requisite for every leader and if leaders fail to act in an open and honest way, then trust cannot be earned. In order to solidify trust, leaders must:

- Care about their followers in a thoughtful way, but at the same time, hold them

accountable for what they do.

- Honor their commitments to those they serve – do as you say.
- Communicate and reach followers in a way that shows respect, recognizing that differences are a sign of progress.
- Follow a set of values that others can identify with – integrity, courage, reliability, fairness and a lack of selfishness.

## 5.2 Managing Vs Leading

Because of numerous writings about leadership, we can make certain distinctions between leadership and management. Organizations need both leaders and managers, but the reality is managers dominate most organizations. Here is a quick list that highlights some of the differences:

<i>Managing</i>	<i>Leading</i>
Values results	Values relationships
Relates to positions	Low regard for positions
Takes few risks	Takes large risks
Somewhat impersonal	Personal and caring
Conforms to rules of others	Not receptive to the rules of others
Status quo – low innovation	New ideas – high innovation
Functional – analyze, evaluate, solve motivate	Non Functional – inspire,

Thus it is clearly seen that the path of a leader is considerably more difficult than the manager. This is one of the reasons why we see so few leaders in most organizations. Additionally, organizations tend to impede leadership – hierarchies that constrain

information flows, internal politics, conflicting agendas, pressure to conform, and a host of other attributes that make leadership incredibly difficult.

James A. Belasco and Ralph C Stayer (1993) suggest four responsibilities a leader must implement at all levels of an organization.

- First, transfer ownership for work to the people who do the work.
- Second, create the environment where the transfer of ownership can take place, where each person wants to be responsible for his or her own performance. This entails painting a clear picture of what the company believes great performance is, for the company and each person; focusing individuals on the few great performance factors; developing in each person the desire to be responsible for his or her performance; aligning organization systems and structures to send a clear message as to what is necessary for great performance; engaging each individual's heart, mind and hands in the business of the business; and energizing people around the business focus.
- Third, develop individual capability and competence.
- Fourth, create conditions in the organization that challenge every person to continually learn, including him or her self. These four principles align personal and company goals through emotional intelligence.

One of the most important values of a leader is to provide overall direction. Only leaders can shape and change the context of vision – articulating passion, candor, and integrity, providing a curious and daring exploration of what should be. Good leaders invent themselves and the future for others. Warren Bennis, one the best contemporary thinkers on leadership, seems to imply that the difference between a leader and a manager is like the difference between those who can master the context of things and those who cannot.

Another contemporary thinker on leadership, John P. Kotter, provides good insights on the differences between leadership and management. Unlike management, leadership does not produce consistency, but change. Leadership is about generating movements and currents within the organization. Leaders produce change through the processes of establishing direction through vision and strategy, aligning people whose cooperation is needed to achieve the vision, and motivating and inspiring them to overcome the barriers to change.



### 5.3 What is Leadership?

Conventional Leadership	Leadership Re-invented
Leaders in business lead AND manage.	Leadership = promoting new directions
There is no sharp distinction between leadership and management	Management = getting things done.
They occupy positions of authority.	All employees can promote new directions.
Leadership is a formal role.	Leadership can be shown bottom-up or sideways to people who don't report to you
They make strategic decisions.	Leadership has nothing to do with managing people - that's management.
They are good at managing people.	Leaders don't make decisions. The ACT of leadership is one of pure informal influence.
They have emotional intelligence. They sell the tickets for a new journey AND take the group to the destination.	Leaders sell the tickets for the journey, Managers drive the bus to the destination

### 5.4 Review of Leadership Theory

<p>A review of the leadership literature reveals an evolving series of 'schools of thought' from “Great Man” and “Trait” theories to “Transformational” leadership (see table). Whilst early theories tend to focus upon the characteristics and behaviours of successful leaders, later theories begin to consider the role of followers and the contextual nature of leadership. Great Man Theories based on the belief that leaders are exceptional people, born with innate qualities, destined to lead. The use of the term 'man' was intentional since until the latter part of the twentieth century leadership was thought of as a concept which is primarily male, military and Western. This led to the next school of Trait Theories.</p>	
Trait Theories	<p>The lists of traits or qualities associated with leadership exist in abundance and continue to be produced. They draw on virtually all the adjectives in the dictionary which describe some positive or virtuous human attribute, from ambition to zest for life</p>

Behaviourist Theories	These concentrate on what leaders actually do rather than on their qualities. Different patterns of behaviour are observed and categorized as 'styles of leadership'. This area has probably attracted most attention from practicing managers
Situational Leadership	This approach sees leadership as specific to the situation in which it is being exercised. For example, whilst some situations may require an autocratic style, others may need a more participative approach. It also proposes that there may be differences in required leadership styles at different levels in the same organization
Contingency Theory	This is a refinement of the situational viewpoint and focuses on identifying the situational variables which best predict the most appropriate or effective leadership style to fit the particular circumstances
Transactional Theory	This approach emphasizes the importance of the relationship between leader and followers, focusing on the mutual benefits derived from a form of 'contract' through which the leader delivers such things as rewards or recognition in return for the commitment or loyalty of the followers
Transformational Theory	The central concept here is change and the role of leadership in envisioning and implementing the transformation of organizational performance

Each of these theories takes a rather individualistic perspective of the leader, although a school of thought gaining increasing recognition is that of “dispersed” leadership. This approach, with its foundations in sociology, psychology and politics rather than management science, views leadership as a process that is diffuse throughout an organization rather than lying solely with the formally designated ‘leader’. The emphasis thus shifts from developing ‘leaders’ to developing ‘leaderful’ organizations with a collective responsibility for leadership.

### 5.5 Key Behaviours of Leaders (Katzenbach and Smith, 1994)

They go on to say that the indicators a leader must follow are:

Individual performance	<p>As a leader, you must follow another individual, regardless of hierarchy, if:</p> <ul style="list-style-type: none"> <li>• That individual, through experience, skill, and judgment, knows best.</li> <li>• That individual's growth demands that you invest more in his or her skill and self-confidence than in your own.</li> <li>• Only that individual, not you, has the capacity (the time and opportunity) to "get it done"</li> </ul>
Team performance	<p>As a leader, you must follow the team if:</p> <ul style="list-style-type: none"> <li>• The team's purpose and performance goals demand it</li> <li>• The team, not you, must develop skills and self-confidence</li> <li>• The team's agreed-upon working approach requires you, like all the others, to do real work</li> </ul>
Organizational performance	<p>As a leader, you must follow others, regardless of hierarchy, if:</p> <ul style="list-style-type: none"> <li>• The organization's purpose and performance goals demand it</li> </ul>

	<ul style="list-style-type: none"> <li>• The need for expanding the leadership capacity of others in the organization requires it</li> <li>• "Living" the vision and values enjoins you to do so</li> </ul>
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### 5.6 Solo and Team Leader (Belbin, 1993)

<b>SOLO LEADER</b>	<b>TEAM LEADER</b>
Plays unlimited role – the Solo Leader interferes in everything	Chooses to limit role to preferred team roles – delegates roles to others
Strives for conformity – the Solo Leader tries to mould people to particular standards	Builds on diversity – the Team Leader values differences between people
Collects acolytes – The Solo Leader collects admirers and sycophants	Seeks talent – The Team Leader is not threatened by people with special abilities
Directs Subordinates – subordinates take their leads and cues from the Solo Leader	Develops colleagues – the Team Leader encourages the growth of personal strengths
Projects objectives – the Solo Leader makes it plain what everyone is expected to do 1. Chooses to limit role to preferred team roles – delegates roles to others	Creates mission – the Team Leader projects the vision which others can act on as they see fit

### 5.7 Comparison of Transactional and Transformational Leadership (Covey, 1992)

<b>Transactional Leadership</b>	<b>Transformational Leadership</b>
<ul style="list-style-type: none"> <li>• Builds on man's need to get a job done and make a living</li> <li>• Is preoccupied with power, position, politics and perks</li> <li>• Is mired in daily affairs</li> <li>• Is short-term and hard data orientated</li> <li>• Focuses on tactical issues</li> </ul>	<ul style="list-style-type: none"> <li>• Builds on a man's need for meaning</li> <li>• Is preoccupied with purposes and values, morals, and ethics</li> <li>• Transcends daily affairs</li> <li>• Is orientated toward long-term goals without compromising human values and principles</li> </ul>

<ul style="list-style-type: none"> <li>• Relies on human relations to lubricate human interactions</li> <li>• Follows and fulfils role expectations by striving to work effectively within current systems</li> <li>• Supports structures and systems that reinforce the bottom line, maximize efficiency, and guarantee short-term profits</li> </ul>	<ul style="list-style-type: none"> <li>• Focuses more on missions and strategies</li> <li>• Releases human potential – identifying and developing new talent</li> <li>• Designs and redesigns jobs to make them meaningful and challenging</li> <li>• Aligns internal structures and systems to reinforce overarching values and goals</li> </ul>
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### 5.8 Dispersed Leadership

The importance of social relations in the leadership contract, the need for a leader to be accepted by their followers and a realization that no one individual is the ideal leader in all circumstances have given rise to a new school of leadership thought. Referred to as ‘informal’, ‘emergent’ or ‘dispersed’ leadership, this approach argues a less formalized model of leadership where the leaders’ role is dissociated from the organizational hierarchy. It is proposed that individuals at all levels in the organization and in all roles (not simply those with an overt management dimension) can exert leadership influence over their colleagues and thus influence the overall leadership of the organization.

The key to this is a distinction between the notions of “leader” and “leadership”. “Leadership” is regarded as a process of sense-making and direction-giving within a group and the “leader” can only be identified on the basis of his/her relationship with others in the social group who are behaving as followers. In this manner, it is quite possible to conceive of the leader as emergent rather than predefined and that their role can only be understood through examining the relationships within the group (rather than by focusing on his/her personal characteristics or traits).

### 5.9 Transformational Leadership Styles and Behaviours (Bass and Avolio, 1994)

*The new paradigm manager is primarily acting in the role of transformational leader.”*

According to Bass and Avolio, transformational leaders display behaviours associated with five transformational styles:

Transformational Style	Leader Behaviour
1) Idealized Behaviors: living one's ideals	• Talk about their most important values and beliefs

	<ul style="list-style-type: none"> <li>• Specify the importance of having a strong sense of purpose</li> <li>• Consider the moral and ethical consequences of decisions</li> <li>• Champion exciting new possibilities</li> <li>• Talk about the importance of trusting each other</li> </ul>
2) Inspirational Motivation: inspiring others	<ul style="list-style-type: none"> <li>• Talk optimistically about the future</li> <li>• Talk enthusiastically about what needs to be accomplished</li> <li>• Articulate a compelling vision of the future</li> <li>• Express confidence that goals will be achieved</li> <li>• Provide an exciting image of what is essential to consider</li> <li>• Take a stand on controversial issues</li> </ul>
3) Intellectual Stimulation: stimulating others	<ul style="list-style-type: none"> <li>• Re-examine critical assumptions to question whether they are appropriate</li> <li>• Seek differing perspectives when solving problems</li> <li>• Get others to look at problems from many different angles</li> <li>• Suggest new ways of looking at how to complete assignments</li> <li>• Encourage non-traditional thinking to deal with traditional problems</li> </ul>
4) Individualized Consideration: coaching and development	<ul style="list-style-type: none"> <li>• Spend time teaching and coaching</li> <li>• Treat others as individuals rather than just as members of the group</li> <li>• Consider individuals as having different needs, abilities, and aspirations from others</li> <li>• Help others to develop their strengths</li> </ul>

	<ul style="list-style-type: none"> <li>• Listen attentively to others' concerns</li> <li>• Promote self development</li> </ul>
5) Idealized Attributes: Respect, trust, and faith	<ul style="list-style-type: none"> <li>• Instill pride in others for being associated with them</li> <li>• Go beyond their self-interests for the good of the group</li> <li>• Act in ways that build others' respect</li> <li>• Display a sense of power and competence</li> <li>• Make personal sacrifices for others' benefit</li> <li>• Reassure others that obstacles will be overcome</li> </ul>

### 5.10 Leaders developing leaders

Leaders developing leaders is one of the core issues in sourcing, growing and managing talent facing companies. More than ever, optimally deployed and effectively-led talent is the real key to competitive advantage and corporate growth. *A successful, highly talented executive team, backed by comparably capable professionals, is without doubt the most critical asset that any organization can have.*

Aside from the bottom-line, the quality of a company's talent management is also a key measure of its responsibility to its people. Franz Landsberger, HR Director (Europe) of Baxter International, a global healthcare company, makes the point that:

***“Talent management is a mindset. It is a continuous process – not an event.”***

### 5.11 The Changing Meaning of Leadership

- Leadership has always been based on power. For the conventional view, this means the power of personality to dominate a group.
- But in our knowledge driven world, business is a war of ideas where the power to innovate and promote new products is the new basis of leadership.
- Anyone with critical knowledge that could alter business direction can show leadership. This is thought leadership.
- It can be shown by front line employees who don't manage anyone.

- It can be bottom-up as well as top-down. It can even come from outside. It can be shown between organizations too as in market leadership.
- Only management is a formal role.
- Leadership re-invented is an occasional ACT, like creativity, not a role or position.
- Those at the top sometimes lead, sometimes just manage. Other times they operate as venture capitalists investing in the best ideas (leadership) emerging from below.
- Leadership is based on youthful rebelliousness, the drive of young people to challenge the status quo and find a better way.
- Bottom-up or thought leadership is more like the actions of Martin Luther King Jr. than business leadership. His demonstrations had a leadership impact on policy makers in the U.S. government and, of course, they did not report to him.
- This shows that leadership is really just about taking a stand for what you believe and trying to convince people to think and act differently.

### **5.12 Leading the way to tomorrow**

Managing the present, in order to create and shape the organization's future, with its challenges of risk and potential payoff, involves the complementary tasks of managing the business, day-to-day and managing people's performance and potential.

#### **Managing today, to get to the desired tomorrow, therefore means:**

1. Ensuring the continuous, monitored and focused transformation of the business.
2. Regular, informed environmental scanning, scenario building, evaluation and adaptive re-building
3. Constantly making sense of and imposing coherence and order upon the tenuous links between opportunism, serendipity and uncertainty, in order to 'read' the future, based upon the best available intelligence.
4. Taking major decisions about the direction, shape, positioning and profitability of the organization, usually on the basis of imperfect information and knowledge.
5. Constantly relating and re-aligning the organization to the changing, often contradictory, imperatives of its wider, strategic environment
6. Fulfilling all of the above, while maintaining profit levels and competitive advantage, and remembering to be, first and foremost, a close-quarter leader to the team and its members.



### **5.12.1 Leadership in the new environment**

Here are three popular ways of defining leadership, each from a slightly different perspective:

#### **Definition 1: Leadership means being the dominant individual in a group.**

In primitive tribes and higher animal species the dominant individual was the leader. Being the leader simply meant having the power to attain and hold the top position for a reasonable length of time. Contrary to definition 2, one could also be the leader without getting anything done through others. A leader was the person in charge even if the group was in a stable state where people went about their business as normal. As long as group members obeyed the leader's rules, the leader did not even need to be actively involved in the lives of group members, let alone get anything done through them. One could also be the leader in such a group without promoting a better way as suggested by definition 3. If one didn't need to be voted into power, why have a platform for change? One simply seized power; no sales pitch was needed on how one could make life better for the group. Yes, such leaders may have led groups successfully in battle and built great monuments with them, but, strictly speaking, one could be the leader without achieving anything through a group effort. The meaning of leadership, according to this definition, is simply to be at the top of the pile.

#### **Definition 2: Leadership means getting things done through people.**

Great leaders throughout history have led their groups to momentous achievements, but the idea that leadership should be defined as getting things done through people has been developed most fully by modern business, which is all about achieving results. As business has become more complex, the leadership challenge has grown from one of the simple issuing of orders to a few "hands" to the subtle coordination of highly skilled, diverse knowledge workers to build sophisticated machines and put men on the moon. There is a problem with this definition of leadership, however. It used to belong to management. Why the switch from management to leadership? And is this a good move? Up to the late 1970's writers used the terms leadership and management interchangeably but with more emphasis on management. For example, the management theorists, Blake and Mouton, developed their famous managerial grid in the 1960's. At the time, it was portrayed as a way of identifying your management style. Today, in line with the shift to

leadership, the name is the same (managerial grid) but it is now positioned as a *leadership* style instrument.

**Definition 3: Leadership means challenging the status quo, promoting a better way.**

We have always felt, intuitively, that leaders have the courage to stand up and be counted. They go against the grain, often at great risk, to call for change. We only need to look at Martin Luther King, Jr. His leadership rested not so much on his oratorical skills – they were just icing on the cake. He was a leader primarily because he marched and spoke against injustice. He challenged the status quo and promoted a better world. There is no necessary implication that you have to be in charge of the people you are trying to influence. The bottom line is that this third definition, when worked through fully, gives us a way to break the stranglehold of the previous two definitions. The benefit of this move is that we gain a clearer understanding of how all employees can show leadership even if they totally lack the skills or inclination to take charge of groups in a managerial sense, even informally. Think again of Martin Luther King, Jr. He sought to move the U.S. Government and the population at large to think differently about such issues as segregation on buses. His leadership efforts were successful when the U.S. Supreme Court ruled such discrimination unconstitutional. Now, it is obvious that he was not in a managerial role within the Supreme Court. He showed leadership to this group as an outsider. Also, Jack Welch had a leadership impact on countless businesses around the globe through his novel practices, such as being first or second in a market. Again, those who followed the lead of Jack Welch did not report to him. They were not even members of a common group.

**5.13 Leadership Reinvented for the 21<sup>st</sup> Century**

If we cast aside the first two definitions of leadership, what is left? If leadership means nothing more than promoting a better way, then we need to upgrade management to take care of everything to do with getting things done through people. We need to say that management does not entail being controlling, bureaucratic or theory X, which managers can be as inspiring as they need to be, good at coaching, developing and empowering people.

A critical supporting fact is that the power on which leadership is based is shifting from having a dominant personality to the ability to devise new ways of working, new

products and better services. Businesses that compete on the basis of rapid innovation are engaged in a war of ideas and no one has a monopoly on good ideas. This is revolutionary because it suggests that leadership can no longer be about group domination. Now, leadership is a brief influence impact, an episode or act, not an ongoing state or role. You still may need a larger than life personality to ascend to the role of Chief Executive, but leadership conceived as a good idea for a better way can be very small scale and local. Any employee with a better idea can promote it, even if only by example, without having the personal presence to be promoted to a managerial role. Strictly, speaking there are no longer any leaders, only leadership.

This view captures the fact that leadership is a fleeting state that can shift quickly from one person to another. It is an impact rather than a type of person or position. It must be so if it can be shown by outsiders.

#### **5.13.1 Key Features of Leadership Reinvented**

- It does not involve managing people to get things done.
- It comes to an end, once those led, get on board. It sells the tickets for the journey; management drives the bus to the destination.
- It is a discrete episode, a one-off act of influence, not an ongoing position of dominance.
- It is based on the promotion of a better way.
- It can be shown bottom-up as well as top-down.
- It can be shown by outsiders and between competing individuals or groups.

#### **5.13.2 Thought Leadership – The Essence of Leadership Reinvented**

Organizations today need all employees to think creatively and to promote new products. Promoting a better idea can be called thought leadership. In a knowledge driven environment, the newest, best idea influences others to get on board. When a product developer convinces top management to adopt a new product, that person has shown thought leadership bottom-up. But it can be shown across groups as well. When Microsoft develops products or services invented by Apple or Google, they are following the lead of these innovators. This also is thought leadership.

While the possession of great emotional intelligence and the oratory of a Martin Luther King, Jr. can help thought leaders make their case, it is vital to see that these skills are

nice to have add-ons, not an essential part of the meaning of leadership. Technical geeks with zero emotional intelligence and an obnoxious influencing style can show thought leadership if they can demonstrate the value of their ideas. This is very empowering because it moves us away from the demand to develop sophisticated leadership skills as a precondition of showing leadership. Strictly speaking there are no leadership skills, only influencing skills and great content. Imagine asking Tiger Woods, after the end of the third round when he is in the lead, how he developed such great leadership skills. The truth is that he shows leadership through being great at the content of his profession, not by having a separate set of talents called leadership skills. On the other hand, there are very definite management skills. Getting work done through people calls for quite sophisticated interpersonal and organizational skills.

#### **5.14 The Leadership Development Imperative**

Leadership development continues to be one of the most challenging and intriguing issues facing organizations. Leadership continues to be a critical developmental focus for organizations around the world. Organizations with strong leadership bench strength economically outperform companies with weaker leadership. Leaders need capabilities in the areas of people management, empowerment, and communication skills in order to lead a very diverse workforce. Leaders will need to be able to not only develop talent but also to recruit and retain top talent. This means that leaders will need to become more adept at designing more individualized, flexible work arrangements that are tailored to diverse needs (Barrett and Beeson, 2001). Rapid changes in technology require that leaders be able to manage the changes brought on by technology and look for ways to apply new technology to business. While these changes do not require leaders to be technological experts, they do require a priority of analytical skills. Leaders need to be able to quickly sort through all of the data to see patterns and make good decisions (Barrett and Beeson, 2001).

#### **5.15 Classical and Contemporary Views of Leadership**

There is no universal theory of leadership. However, because of the recent explosion in leadership thinking, we now have an array of different theories about leadership. These include such notable theories as servant leadership (Robert K. Greenleaf), collaborative leadership (David D. Chrislip and Carl E. Larson), visionary leadership (Burt Nanus),

situational leadership (Kenneth H. Blanchard), and principle-centered leadership (Stephen R. Covey). Some of these theories support the distinctions between managers and leaders, such as transactional leadership (managers) as opposed to transformational leadership (leaders).

Burns says: “One of the most universal cravings of our time is a hunger for compelling and creative leadership.” Burns contends that leaders and followers are peers of one another, each playing a different role. The leader tends to look for what motivates the follower, keeping him productive and moving forward. Thus, leaders must be very engaged with followers, making sure they are satisfied with a higher set of needs, not just the simple stuff – pay checks, stock options, and the like, but in the active participation of issues that both care deeply about. When this collaboration takes place, participants (leaders and followers) are able to transform the situation; i.e. transformational leadership.

Another classical viewpoint on leadership comes from Robert K. Greenleaf regarding Servant Leadership. Greenleaf concludes that “people will freely respond only to individuals who are chosen as leaders, because they are proven and trusted as servants.” Greenleaf also views leadership as foresight – having the ability to see how things might be in the future and acting in the present to move the organization in that direction. “To lead is to serve. After all, that’s what a leader’s job is, and people look to the leader to set the course and establish standards. But once that direction is provided, servant leaders turn the organizational structure upside down. They focus on giving employees everything they need to win, be it resources, time, guidance, or inspiration. Servant leaders know that providing for people and engaging hearts and minds foster a workforce that understands the benefits of striving for the greater good. The emphasis is on building authority, not power; on exerting influence, not intimidation.”(The World’s Most Powerful Leadership Principle by James C. Hunter)

### **5.16 Leadership Dimensions**

Richard M. Cyert, president of Carnegie- Mellon University and author of books and articles on organizational theory, has divided leadership into two dimensions – Consideration and Initiating Structure. The Consideration Dimension is characterized by an emphasis on good relations. The leader is friendly, approachable and a good listener. Leadership behavior can be described as open and enlisting mental trust. The Initiating

Structure represents the leadership behavior involved in directing the organization, helping it to define its goals and structure for execution – including the ability to understand the actions others can act upon. From these two dimensions, it is possible to generalize three basic functions that a leader performs:

1. Organizational
2. Interpersonal
3. Decisional

The **organizational function** involves the organizational structure and the selection of people who operate within this structure. It involves various units or segments and the control of internal and external communication flows. The leader has to make certain that the participants in the organization and related groups external to the organization are knowledgeable and working well together.

The **interpersonal function** involves the morale of the organization. It reflects the degree of concern about the humanness of the organization. It requires that the leader pay attention to individual concerns.

The **decisional function** involves the making of decisions that must be made in order for the organization to achieve its goals. This is the traditional function that has been associated with leadership.

Creating a compelling vision that can be constantly reshaped is the hard task of a leader. The leader is the captain of the ship and the vision is the means by which the leader steers the organization. But there are many people on the ship and if this ship is to reach its final destination depends on the behavior of these people.

A critical task for the leader is “attention focus.” Always there is too much to do and too little time. Everyday there are tasks crisis. What we pay attention to affects the organization in crucial ways. If all of our attention is given to immediate problems and no attention is given to problems concerned with the future, the organization is not likely to have a bright future. Clearly, the problems, concerns, ideas, concepts, actions that receive attention will determine the sustainable parts of the organization. In fact, one simple definition of leadership is that the leader controls what gets the attention.

Organizations are dynamic and continuously changing. Attention focus is an on-going and necessary process. Leadership that requires others to pay attention to what the leader values must also have substance. The leader must be knowing and have solid knowledge about the organization. Thus, leadership consists of a continuous choice – creating processes to move the organization forward.

Communication is perhaps one of the most fundamental actions of all leaders. It begins with simple “talk” to convince people to focus their attention on the ideas and actions that the leader considers important. The difficult problem is that the methods of communication within the organization are not well defined. Each case has a best approach and the channels will vary from one-on-one personal communication to formal written communication. The important thing is that there must be one consistent message that gets people paying attention.

### **5.17 Some Great Contemporary Thinkers**

Fortune Magazine has called Warren Bennis the father of modern leadership. Bennis makes several observations about leaders:

- Leaders pull rather than push.
- Leaders empower and trust others to act.
- Leaders have a clear vision and communicate that vision.
- Leaders work through teams and not through hierarchies.
- Leaders possess a strong dose of self-esteem and positive attitude.

Leaders have a good grasp of self – they realize their strengths, develop their skills, and identify how to use their talents to meet organizational needs. Even more so, leaders evoke positive feelings in others – Bennis refers to this as an “attitude of positive other regard.” This gives leaders creditability in the eyes of the follower. Bennis describes **four essential qualities** of leaders – **Vision, Trust, Communication, and Management of Self**. These qualities apply to everyone throughout the entire organization. Therefore, leadership does not reside in isolated places, but is infused and threaded everywhere – everyone must become a leader. Bennis also argues that leaders have a responsibility for making sure people get a kick out of what they are doing – people believe in the cause and purpose set forth.

Leadership is an **adaptive work** or process. Adaptive work requires change in values, beliefs and behavior. Therefore, leaders must be in a learning mode – continuously seeking new ways. The most difficult, but probably the most valuable task of a leader is effectively advancing the goals and strategies of the organization. The capacity of a leader to keep asking questions of oneself and the communities of the organization is what facilitates adaptability. It requires that you stay in touch with your values so that you are willing to take the risks and losses.

Another important concept associated with **leadership is collaboration**. Collaboration is more than simply sharing knowledge and information. It is more than relationships between parties for getting a result. Collaboration is the creation of that shared vision and strategy in such a way that participants go beyond their own self interest and make sacrifices for the good of the whole. Therefore, the role of leadership in collaboration is to engage others by designing constructive processes for working together and sustaining high levels of interaction

### **5.18 A Framework for Leadership**

Our framework for leadership will have to be inclusive enough for everyone to become a leader. Leaders must have strong spiritual convictions and beliefs to establish a foundation for their own value systems. To move forward, the leader and the team will have to reinvent their model of human relationships. This may require some reflection into the basic beliefs about self, work, and power. It may also require changing the most guarded structures of the organization, from those which have to do with promotion, compensation, and other facets of motivation. This can be difficult and long-term work, but practically, the work can begin by addressing two leverage points by author Peter M. Senge:

1. Promoting Intimacy
2. Sharing Authority

**Intimacy** in an organization starts with a commitment of knowing people in a personal sense, the person behind the job title and department role. Team members have a strong respect for member preferences. They speak openly about what they (as leaders) believe, feel, think and aspire to be. “Shared-Vision” discussions can help create a sense of



intimacy. When the organization (and the leader) cares about the realization of a common purpose, we recognize the need for each other's contributions. The second leverage point for reinventing relationships is dissolving barriers to collaboration. This will require a **sharing of authority**. In a traditional sense, authority has been practiced as the boss's ability to command or make decisions. Because managers can tell people what to do, they are considered obligated to make all the decisions. As a group moves into shared authority, there is an added value of intimacy – it creates the climate to support tough decisions in tough times.

### **5.19 Creating a Learning Organization**

To become a better team and develop the core for a learning organization is based on five learning disciplines – lifelong programs of study and practice as described by Peter M. Senge in his landmark book: “The Fifth Discipline”(Senge,1999)

- **Personal Mastery**

Learning to expand our personal mastering or capacity to create results we must desire in creating an organizational environment which encourages everyone to develop themselves toward the goals and purposes they choose.

- **Mental Models**

A reflection upon, continually clarifying and improving our internal picture of the world and how we see ourselves, shaping our actions and decisions in this world.

- **Shared Vision**

Building a sense of commitment to a group, in a group, by developing shared images of the future we hope to create and the principles and guiding practices by which we hope to get there.

- **Team Learning**

Transforming conversational and collective thinking skills, so that groups of people can reliably develop intelligence and ability greater than the sum of individual talents.

- **Systems Thinking**

A way of thinking about systems and a language for describing and understanding the forces and inter-relationships that shapes the behavior of systems. This discipline helps us to see how to change systems more effectively, and to act more in tune with the larger

processes of the natural and economic world. Once you begin to master team learning or a system thinking it is very difficult to play the old office game of optimizing your position at the expense of the whole. Peter Senge has revolutionized the practice of management and team building by introducing the theory of learning organizations. In, “The Fifth Discipline”, Senge (1999) makes the case that people who contribute the most to an organization are those people who are committed to the practice of certain disciplines for themselves:

- Expanding one’s capacity to hold and seek a vision.
- Reflecting and making deliberate inquiries.
- Building through a collective and inclusive approach.
- Understanding the systems around you.

Senge identifies several characteristics of those achieving personal mastery. These persons have the following:

1. A special sense of purpose that lies behind their visions and goals. Their vision is “a calling,” not just a good idea.
2. An inquisitive and committed nature.
3. An ability to see reality more accurately.
4. A sense of connectedness to life, to others and to larger creative processes, which they can influence but not unilaterally control.

Senge says the organizational climate must strengthen the quest for personal mastery in two ways:

1. Continually reinforce the idea that personal quality is truly valued in the organization.
2. To the extent that individuals respond, provide the “on the job training” needed for developing personal mastery.

“Personal mastery is the bedrock for developing shared vision. Shared visions can generate levels of tension that go far beyond an individual’s comfort level. Those who contribute the most realizing a lofty vision will be those who can hold the creative tension. They will be the ones who believe deeply in their ability to create the future, because that is what they experience personally.”

Organizations do not create visions. People create visions. And “visions” don’t become compelling until people are truly committed to them. The only thing leaders and managers can do is:

- ❖ Be committed to their vision,
- ❖ See reality as objectively as possible,
- ❖ Be open and understanding when others don’t share their vision.

**Creative tension** exists when there is a gap between what we really want to create—our vision—and what exists today, the current reality. Thus Creative tension “draws together two of the most timeless elements of human understanding:”

- ❖ The commitment to what we truly care about.
- ❖ The commitment to the truth.

According to Senge, when a vision is shared:

- People have a **similar picture** of the vision—it reflects their own personal vision.
- People are “**committed** to one another” having that vision.
- People are “**connected**, bound together by a common aspiration,” as well as to “an important undertaking.”
- People are **excited**. Their vision is powered by a common deep **caring**.
- **It is growing**, providing the “focus and energy for generative learning” and “expanding your ability to create.”
- It may be extrinsic, that is, focused on a competitor or “territory,” or intrinsic, focused on inner standards of experience; or a combination of both. Both types can co-exist.

**Shared vision** and talent are not enough” to ensure success, Senge asserts. “The world is full of teams made up of talented individuals who share a vision for a while, yet fail to learn.” “**Team learning** is the process, the process of aligning and developing the capacity of a team to create the results its members truly desire,” says Senge. According to Senge, team learning has three critical dimensions:

- ❖ The need to think insightfully about complex issues.
- ❖ The need for innovative, coordinated action.

- ❖ The role of other team members on other teams.

“The essence of becoming a **learning organization** involves redesigning the nature of the work itself so that while we are working we are learning,” says Senge (1999).

### **5.20 Systems Thinking**

The systems approach is to:

- Identify a system. Some systems are simple and predictable, while others are complex and dynamic. Most human social systems are the latter.
- Explain the behavior or a property of the whole system. This focus on the whole is the process of synthesis. Ackoff says that analysis looks into things while synthesis looks out of things.
- Explain the behavior or properties of the thing to be explained in terms of the role(s) or function(s) of the whole.
- 

### **5.21 Teams bridge the gap between Leaders and Followers**

Teams represent the learning organization in action. Great teams are groups of people, who over time enhance their capacity to create what they desire to create. Team members develop new skills and capabilities and as capabilities develop, so too, does awareness and sensibilities. “There are five fundamental qualities that make every team great: communication, trust, collective responsibility, caring and pride.

The best organizations use their leadership teams to act on this theory by adding groups and new roles, slicing through organizational charts vertically, diagonally, and horizontally. Because of so much change, leaders must know how to move through chaos, learning to accept change and ambiguity, and ultimately learning to thrive on chaos. This is a critical ingredient behind the leaderful organization which is inherited in the ten interesting traits:

1. Leaders manage the dream for others. As Carl Jung says: “A dream that is not understood remains a mere occurrence. Understood, it becomes a living experience.”
2. Leaders are not afraid of failure and thus, they embrace error. The only mistake is to do nothing.

3. Leaders encourage a reflection backwards to comprehend what is ahead. In the words of one leader: “I never know what I say until I hear the response.”
4. Leaders accept dissent since some level of disagreement is required for real progress. This is the organizational corollary for reflecting back. Contrary views are sometimes needed to force change.
5. Leaders possess the noble factor of optimism, faith, and hope. Hope gives the leader choices.
6. Leaders understand the fallacies of managing vs. leading and they expect the best from people provided that the people have the right leadership.
7. Leaders have an uncanny sense of where the culture of the organization should be and where the organization must go if it expects to grow and survive.
8. Leaders have a vision and roadmap to get there – possessing a long-range view of things.
9. Leaders have a solid grasp of stakeholders’ symmetry. They recognize the need to balance competing claims of all groups who have a stake within the organization.
10. Leaders are highly effective at building strategic alliances and partnerships. They see the world globally and they know they and the organization cannot hide in today’s highly connected world.

Finally, leaders need to build common organizational purposes and values to guide the organization as opposed to objectives and goals. Making leadership **authentic** is paramount since people will not follow those they do not trust. Therefore, leaders must knit the entire organization together through inclusiveness. Authentic leaders clearly comprehend the change they want and likewise, followers consider this change genuine and lasting.

### **5.22 Assessing and Developing Leadership**

A framework of accountability or measurement is not only important to the development of individual leadership, but also for creating the leaderful organization. There is a wide range of assessment tools available for measuring leadership:

- **Myers-Briggs Type Indicator:** Although not directly related to leadership, this is probably the best overall assessment tool for understanding the different personality types of people.

- **Leadership Practices Inventory Model:** Easy to use and widely practiced in the corporate world.
- **Campbell Leadership Index:** Basic listing of approximately 100 leadership characteristics – somewhat difficult to use.
- **Prospector** – Center for Creative Leadership: Looks at 57 different behaviors – somewhat limited in application.
- **Skillscope** – Center for Creative Leadership: Good overall model that looks at 15 different leadership clusters.
- **Leadership Odyssey:** A nice modern day tool for assessing leadership based on 37 attributes.
- **Emotional Competence:** Several tools are available for measuring emotional intelligence – a major factor behind leadership effectiveness

One way to directly assess leadership capacity is to look at one's Emotional Quotient or EQ. In 1995 Daniel Goleman published the best seller Emotional Intelligence, which popularized how emotional intelligence is linked to leadership. Matthew Jueschter, Chairman of the American Society for Training and Development quoted, "Leadership is almost all emotional intelligence, especially in distinguishing between what managers do and what leaders do – things like taking a stand, knowing what's important to you, pursuing your goals in partnership with others." Emotional Intelligence is about placing a value on the feelings of others. We all have emotional needs – emotions represent real needs, basic to how we connect with others, how we define our moral boundaries, and how we find self-esteem. And since self esteem is at the foundation of productivity and performance, there is a serious relationship between one's emotional intelligence and one's performance. Emotional Intelligence is measured in the form of one's Emotional Quotient or EQ.

Organizations consist of people. We need to manage the human factors – perceiving emotions, integrating our emotions into our thoughts and actions, and knowing how to manage and use our emotions constructively. Behavior influences people and if the biggest influences come from our leaders, then our leaders must be emotionally intelligent.

Emotional intelligence, according to Time magazine, “may be the best predictor of success in life.” And despite the fact that emotional intelligence is a relatively new concept, there is overwhelming evidence that our best leaders and most successful people are very emotionally smart (high EQ’s).

### **5.23 Leadership Manifestations**

As per Socrates (Adair, 1998) leadership traits can be taught through academics, but ‘how to lead’ cannot be taught –this is self-actualization. Primarily, leadership is learnt by doing, trial and error, and its reflections learning, Hersey & Blanchard (1994) oldest form of leader is task and relationship of behavior orientation. Today trilateral leadership model has emerged wherein, along with task, and relationship, ‘character’ also ushers-in as an important parameters (Brady et al.2007). This makes the leadership function more stringent. For example, if Task we give 80 marks, and relationship 90 marks, then,

Leadership function =  $80 \times 90 = 72\%$

But even we give character as 80 or 90 marks, then Leadership function =  $72 \times 80 = 57.6\%$

And =  $72 \times 90 = 64.8\%$

Now, even if high degree of leadership is: Task=90, Relationship=90 & Character=90,

Then Leadership functional effectiveness (Trilateral leadership model) =  $90 \times 90 \times 90 = 72.9$  (In percentages).

Thus, it will be observed that character plays a dominant role today.

There are many books and lead authors, especially Warren Bennis and John P. Kotter, have given vivid account of the leadership (effective) dimensions. Hesselbein et al. (1996) have accounted for the following traits.

1. Leaders do not wait.
2. Character counts
3. Leaders have their head in the clouds and their feet on the ground
4. Shared values make a difference
5. You cannot do it alone
6. The Legacy you leave is the life you lead
7. Leadership is everyone’s business.

But Peter F. Drucker (1996) defines / state leadership as:

“The only definition of a leader is someone who has followers- but without followers, there can be no leaders.” Leadership is ‘decision-making’, ‘result orientation’, responsibility, accountability and making a difference.

Leadership also as per Shackleton, has the following ingredients (Pathak 2010, Allio, 2002)

- Care
- Compassion
- Community
- Consistency

#### **5.24 Strategic HR Leadership**

According to George R. Terry, “Leadership is the activity of influencing people to strive willingly for group objectives”.

Harold Koontz and Cyril O’ Donnell state that “leadership is influencing people to follow in the achievement of a common goal”.

Strategic HR is passionate about people as the source of organizational success. It is a resource based approach that develops manages and other staff who can think and plan strategically and who understand the key strategic issues. It’s said “if you keep on doing what you have always done, you will keep on getting what you always got”.

Leading people, however, is much more of an art than a science. Great leadership is far more complex than that especially when it comes to leading innovation. The art of innovative leadership depends on willingness and ability to unshackle the energy, ideas and talents that people can and want to pour into their work within the organizations overtime, the leader’s capability is shaped by the top teams’ quality and by the capabilities of the full organization. The best leaders pay a great deal of attention to the design of the elements around them. “Good management controls complexity, effective leadership produces useful change.”

With careful selection, nurturing, and encouragements, many people can play important leadership roles in a business organization. The real challenge is to combine strong leadership and strong management and use each to balance the other. Leadership motivates people by satisfying basic human needs. Leaders regularly involve people in deciding how to achieve the organization’s vision. This motivational technique gives people a sense of contrast. Good leaders also recognize and reward success. This not only gives people a sense of accomplishment but also makes them feel like they belong to an organization that cares about them. Thus the work itself becomes intrinsically motivating.

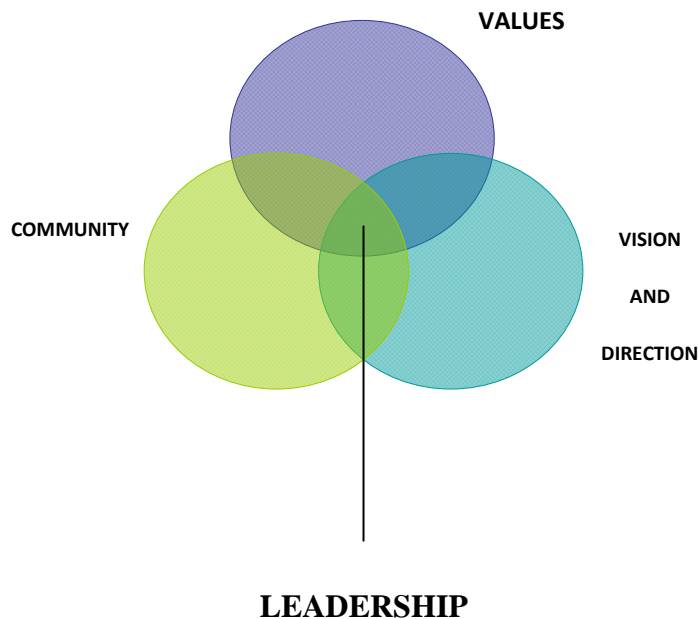


Strategic HR leader creates challenging opportunities for young employees so that they develop leadership qualities in them. Such strategies help create a corporate culture where people value strong leadership and more people provide leadership in the complex organizations. Thus more and more persons have to develop the cultures that will create that leadership. Institutionalizing a leadership – centered culture is the ultimate act of leadership.

### **5.25 An Effective Leadership Model**

As is evidently observed that leadership, cannot be taught, but ‘how to lead’ has to be learned by own experience and reflections. We can briefly examine a model for effective leadership. This demands the confluence of three core leadership elements –value creation (V), visions and direction settings (D), and community building (C). Leadership is flawed or in-effective when only two of them (elements) are present. The true leader emerges only when the above three elements conjoin.

Leadership in other words, is equal to  $V * D * C$ , as shown in fig.5.1, effective leaders must possess the five cardinal virtues: authenticity, character, vision, will and wisdom, some of which can be learned and developed. The above skills are pre-requisites to certain skills, including managing change and communicating. All these skills can be learned. The effective leader applies these skills and combines education, counseling, and inspiration to create community of aligned individuals. Leaders must understand evolution of a self organizing system and encouraging coping with change or mutation and differentiation. Leadership typically emerges only when an individual or organization is challenged.



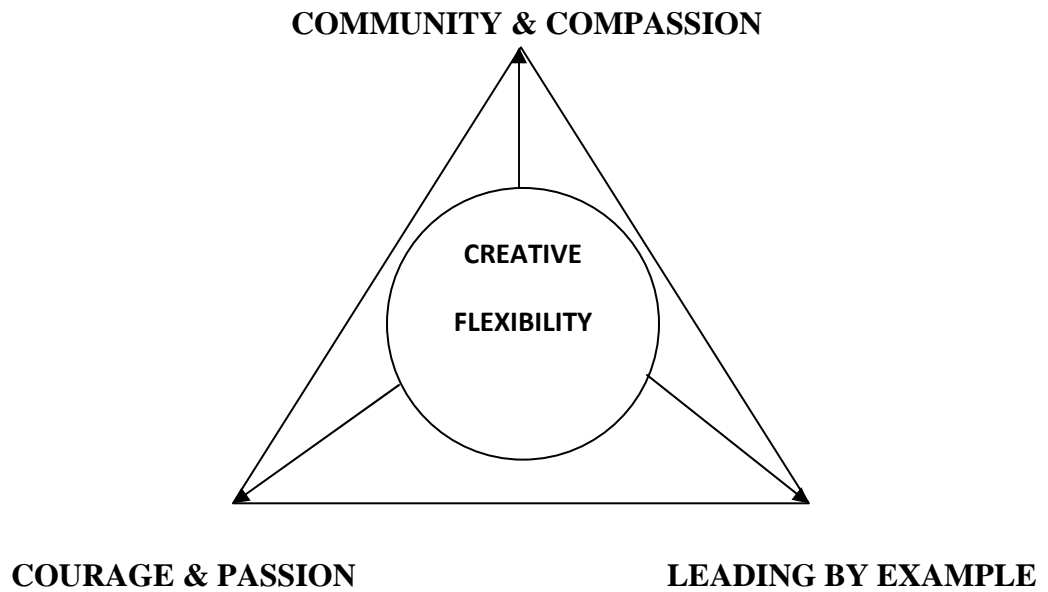
**Fig. 5.1: Effective leadership Model suggested as V\*D\*C\* Shackleton's (An Antarctic Explorer)**

As has been observed above an effective leader should cope with change, accommodate diversity and resolve conflicts. Rather, more skill required is in communication –both speaking as well as listening. The success of a leader ultimately hinges on the ability to forge a community of people or individuals who will work together to realize their individual and collective potential ultimately attaining the objective. Also, as the situations change and organization develops/evolves and the environment changes, the vision and strategy must be continually defined/refined and more often than not entirely re- invented sometimes. At any level of evolution holding the values and vision is supreme.

Like the previous model Shackleton believes in the following tenets:

- Comraderie and community
- Human values – compassion & humility, loyalty of colleagues
- Flexibility – ‘creative flexibility’.
- Courage and unflinching passion.
- Leading by example

This model can be shown as below in Fig 5.2, as Shackleton's leadership model.



**Fig. 5.2: Leadership Model – Shackleton’s Way**

### **5.26 Talent and Leadership Alignment**

Dynamic reconfiguration of talent is dire essential for consistent leadership maintenance; rather ushering in personalized experiences for each customer-new managerial capability needs to be developed for continual transformation of the organization. Thus, talent essentially requires matching of opportunities with resources, skills, and attitude to learning, as well as on the competence of teams and the ability to continually configure and reconfigure task-based teams with the best talent obtained around the world. However, this requires mobilization of talent, and not necessarily outsourcing. (Prahalad et al. 2008).

To harness, leadership and embedding talent into it and leveraging its effects thereafter requires alignment of thought process (Norton and Kaplan, 2004) and synergize the components of characters like self-discipline, core-values, integrity, sense of identity and passion for doing good to humanity as well as society. In all this, character is the master piece of all the traits along with self-esteem, which substantially communicates consistency, choices, influence and longevity. Talent plus character is the most dominant factor and back-bone of the leadership which further guards for control of life, doing right things and not giving up in any situations of adversity. In this context, we

should not forget that talent is a gift- either you have it or you don't- but character is a choice which once you want, must develop it.

As has been observed, the final component of strong character is integrity. Once a reporter asked from Gandhi's assistant, Mr. Mahadev Desai, how the Indian statesman had been able to deliver such a speech without any notes! He retorted: "You don't understand Gandhi" Desai further reiterated, "You see, what he thinks is what he feels. What he feels is what he says. What he says is what he does. What Gandhi feels what he thinks, what he says and what he does, are all the same? He does not need any notes" (Maxwell, 2007).

Also, old leadership concept of only 'task oriented' and 'relation oriented' is just not adequate today but it is clubbed with character as well – collectively it is difficult to maintain the same proportion (e.g. if task is 90% & relations 90% then leadership =  $90 \times 90 = 81\%$ . But again it multiplied by character which is required today the leadership  $L = 81 \times 90 = 72\%$  only. This makes a colossal difference.)

"To survive into the 21st Century, Leaders of organizations must offer a greater sense of meaning and purpose for their workforce. In today's highly competitive environment, the best talent seeks out organizations that reflect their inner values and provide opportunities for personal development and community service, not just bigger salaries. Unlike the marketplace economy of 20 years ago, today's information and services-dominated economy requires instantaneous decision-making and building better relationships with customers and employees." (Corinne McLaughlin, Spirituality & Ethics in Business).

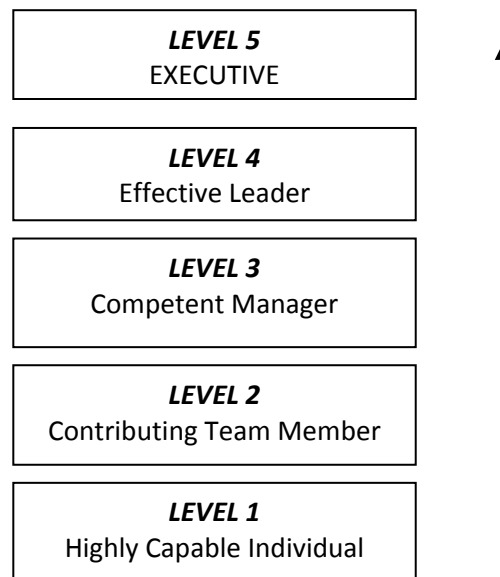
### **5.27 The Triumph of Humility over Other Traits**

As we observe that there are some inherent and core competent traits decidedly catapult a company and make them good to truly great. A colossal research has been done in this regard by Jim Collins (2001) which has transformed executive effectiveness by a paradoxical mixture of personal humility and professional will. The findings of the research was that *Level 5* leader exists on top of a hierarchy of capabilities and as per the author this is a necessary requirement for transforming an organization from good to great. Level 5 leader essentially is an individual who blends extreme *personal humility with intense professional will* who acts as catalyst for others. Level 5 leaders are a study in duality: modest and willful, shy and fearless. Abraham Lincoln is one of the greatest

example and embodiment of this type of leadership which created a great enduring nation as USA. Level 5 leadership can be shown as an equation below:

$$\text{Humility} + \text{Will} = \text{Level 5}$$

This certainly transforms a good company into a great company. Individuals do not need to proceed sequentially through the four other layers of the hierarchy to reach the top, but to be a full-fledged *Level 5* requires the capabilities of all the lower levels. Fig: 5.3 depicts *Level 5* Hierarchy below:



**Fig. 5.3: The Level 5 Hierarchy**

### **5.28 New Generation Leadership**

At present, we are in the fifth generation leadership. The management challenges of the 21<sup>st</sup> century leading to the evolution of futuristic sixth and seventh generation leadership styles have been dealt with.

Adam Smith, with the principle of division and subdivision of labour and reinforced by Taylor's theory of scientific management and Fayol's theory of scientific management and Fayol's theory on unity of command. Fayol's theory is important in the context of step hierarchies which emphasized division of work, authority and responsibility, unity of direction, centralization. Third generation management or the matrix organization broke free, and tried to overcome some of the problems like one person/ one boss principle as in a matrix organization two or more managers share power over a single subordinate.

In the initial stages, investigations on leadership considered leaders as individuals endowed with certain personality traits. Initially the feudal style of management existed which was mainly based on the personality of the leader. Matrix form of organizations focused behaviour and situational variables. With the present fifth generation, a concept has come that effective leadership is not based on the individual trait but is actually derived from the culture of the entire organization.

**EVOLUTION OF MANAGEMENT & LEADERSHIP**  
*New Generation Leadership, Technology Leadership, Dr .AS Pillai,* *Tata  
McGrawHill*

<b>Generations</b>	<b>I st late 1700</b>	<b>II nd 1800 – mid 1900</b>	<b>III rd till late 1900</b>	<b>IV th nearing 2000 / 21C</b>
<b>Society</b>	Late Agriculture	Early Industrial Developed Industrial	Late Industrial Early Information	Late IT Early Knowledge
<b>Organizations</b>	Proprietorship	Steep Hierarchy (Corporation)	Matrix Early Virtual	Horizontal (Computer Interfacing) Matured Virtual
<b>Source of Wealth / Power</b>	Land / Labour	Capital Technology	Skills / Competences Information	Intellectual Capital Knowledge
<b>Philosophies Principles</b>	Division of Labour Owner was Manager –Self Interest On Job Training	Division of Management Separate Owner/ Manager Scientific Management Principles	Line & Functional Management Lean Organizations	IT based Networking Virtual Orgns Horizontal Controls
<b>Leadership Attributes</b>	Absolute Authority Hereditary Reward & Punishment	Commanding Directing Authority / Charisma Individual Based	Motivator Team Manager Facilitator	Team Player Integrator Collective Process Situation Specific

**Table 5.1: Evolution of Management & Leadership (First Four generations)**

### 5.29 Challenges of the Future Leadership

The advent of the knowledge worker and the technology revolution has led the leadership character to undergo a sea change. Today, as well as in the future, leaders will be required to lead highly skilled knowledge workers fully aware of their rights and responsibilities.

### **5.30 Fifth Generation Leadership**

In order to effectively lead knowledge workers in the next generation of leadership is focused on the following areas which also includes some aspects related to personal traits of the individual leaders such as:

- a) Distinction between the functions of managers and leaders.
- b) The capacity to create a compelling vision
- c) Personal vision on the part of the leader, shared with the members of the organization
- d) Transformational leadership-going beyond individual needs, focusing on a common purpose, addressing intrinsic rewards and higher psychological needs.

In such an environment people reach out to one another to work on a whole set of challenges in terms and clusters of teams in a distributed environment across functional and organizational boundaries i.e. 'peer to peer' relationship.

In the knowledge era there are five conceptual principles:

- 1) Network of experts of equal ability.
- 2) The integrative and interactive processes
- 3) Shared working
- 4) Human time and value
- 5) Virtual task teams.

The style of leadership calls for a large degree of human networking and sustenance and management of such networks for the accomplishment of mission objectives.

### **5.31 Evolution of Sixth Generation Leadership**

A good example for the sixth generation organization can be seen in the Indian-Russian joint venture BrahMos. It is a partnership between two countries, harnessing the capabilities and specialists between the two countries with a sole aim to design, develop, produce and market a most advanced supersonic cruise missile in a highly competitive environment. The result of this joint venture is that the product has been developed phenomenally fast which in the normal course would have taken several years to develop.

### **5.32 Seventh Generation Leadership**

Leaders themselves would have to develop the knowledge or get the capability in a short span of time. The circumstances should be such that leaders would develop the power to

perform effectively. In the context of spiritually, it can be noted that sages and rishis in ancient India also had supernatural powers, but they were not leaders in the traditional sense leading people for accomplishing the objectives. However, these days we see business leaders engaging in spiritual missions with yoga and art of living courses getting popular. As leaders are striving to achieve the Spiritual plane developing individuals' consciousness and acquire enormous mental power.

A leader has to be of a different kind. He needs to possess four treasures: knowledge, virtues (righteousness), consciousness, and service to humanity.

## **EVOLUTION OF MANAGEMENT & LEADERSHIP**

*New Generation Leadership, Technology Leadership, Dr. AS Pillai,*

*Tata  
McGrawHill*

<b>Generations</b>	<b>V th 21C</b>	<b>FUTURE</b>
<b>Society</b>	Knowledge Intuitive	Boundary Less No Barriers to Knowledge
<b>Organizations</b>	Knowledge Networks	Global Networking Working across Time Line – Concurrent Facilities
<b>Source of Wealth / Power</b>	Knowledge Creative Solutions	Networking Reaction Time
<b>Philosophies Principles</b>	Network of Experts National Teams Shared Intellectual Resources Intra Nation	Cross Culture, Values Management Issues Inter Nation
<b>Leadership Attributes</b>	Non Authority Context Team Work	Ability to Synergise Intellect Across National Boundaries Self Managed Teams

**Table 5.2: New Generation Leadership (Fifth, Sixth, Seventh generation)**

### **5.33 Leadership Roles**

The leadership roles and qualities would have to be of the highest order. A leader would have to take up important roles to achieve success. He has to be a *path finder and aligner*. The leader has to be a person who is successful in *empowering and igniting* the enormous talent. He should *enable* individuals/teams to achieve their goals through development of action plans, guiding individuals, problem solving, quick decision-making, etc.



### 5.34 Leadership Qualities in Seventh Generation

Organizations are going to undergo transformation in the 21<sup>st</sup> century on account of technology. Leaders must be well equipped with qualities such as envisioning, credibility, ability to learn, challenging the principles of success through the opportunity, team player, strategic leadership and innovation, management of uncertainty for them to be effective.

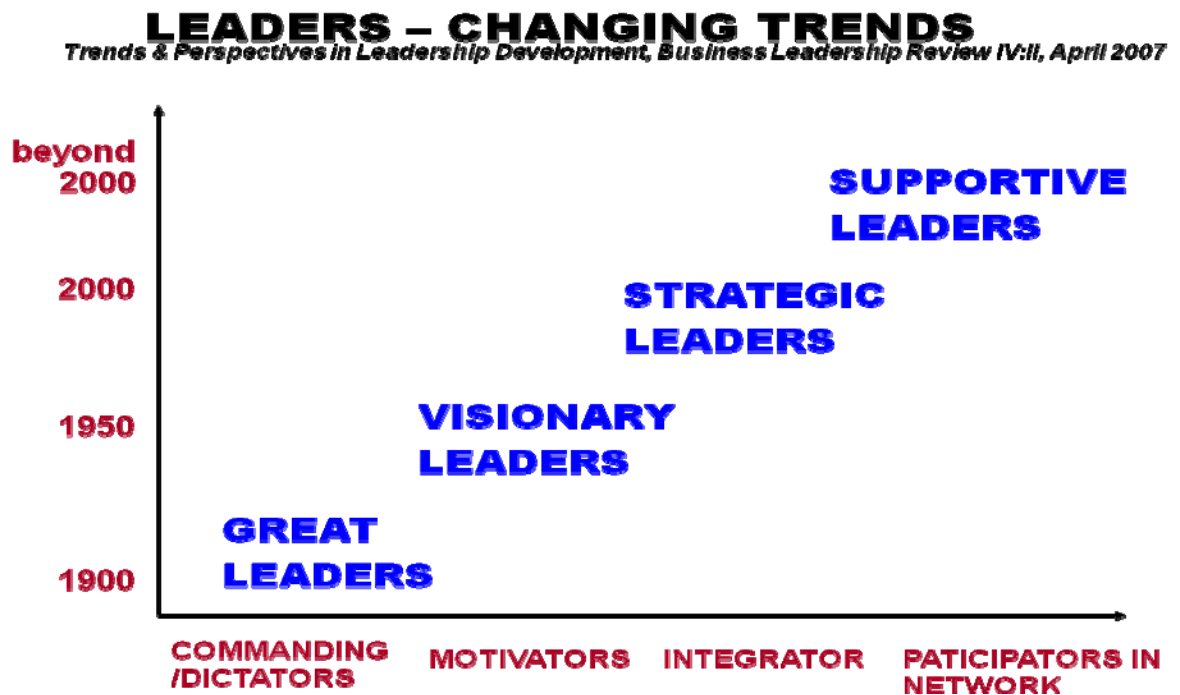


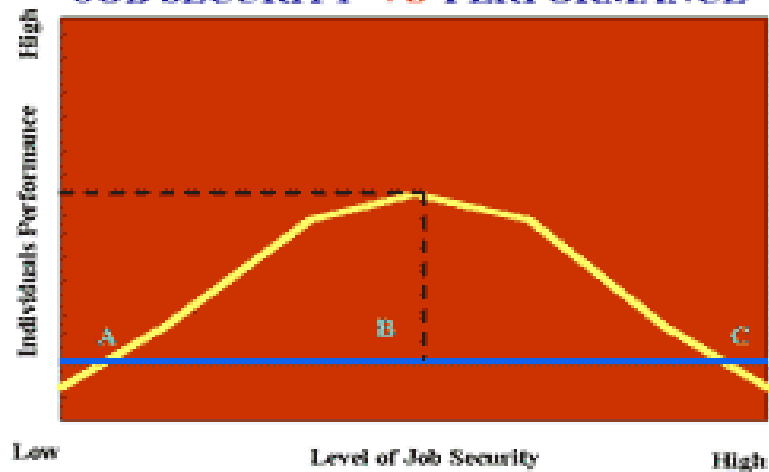
Fig. 5.4: Changing Trends of Leaders

### 5.35 India Centric Leadership

Indian leaders have to necessarily increase the element of human touch in the organizations. They need to realize the importance; Indians attach to long-term relationship possibilities. Thus, to make Indians productive, job security levels would play a crucial role (typically the choice is explained in the Performance Sand dune: Figure 5.5). Indians with high job security tend to become complacent.

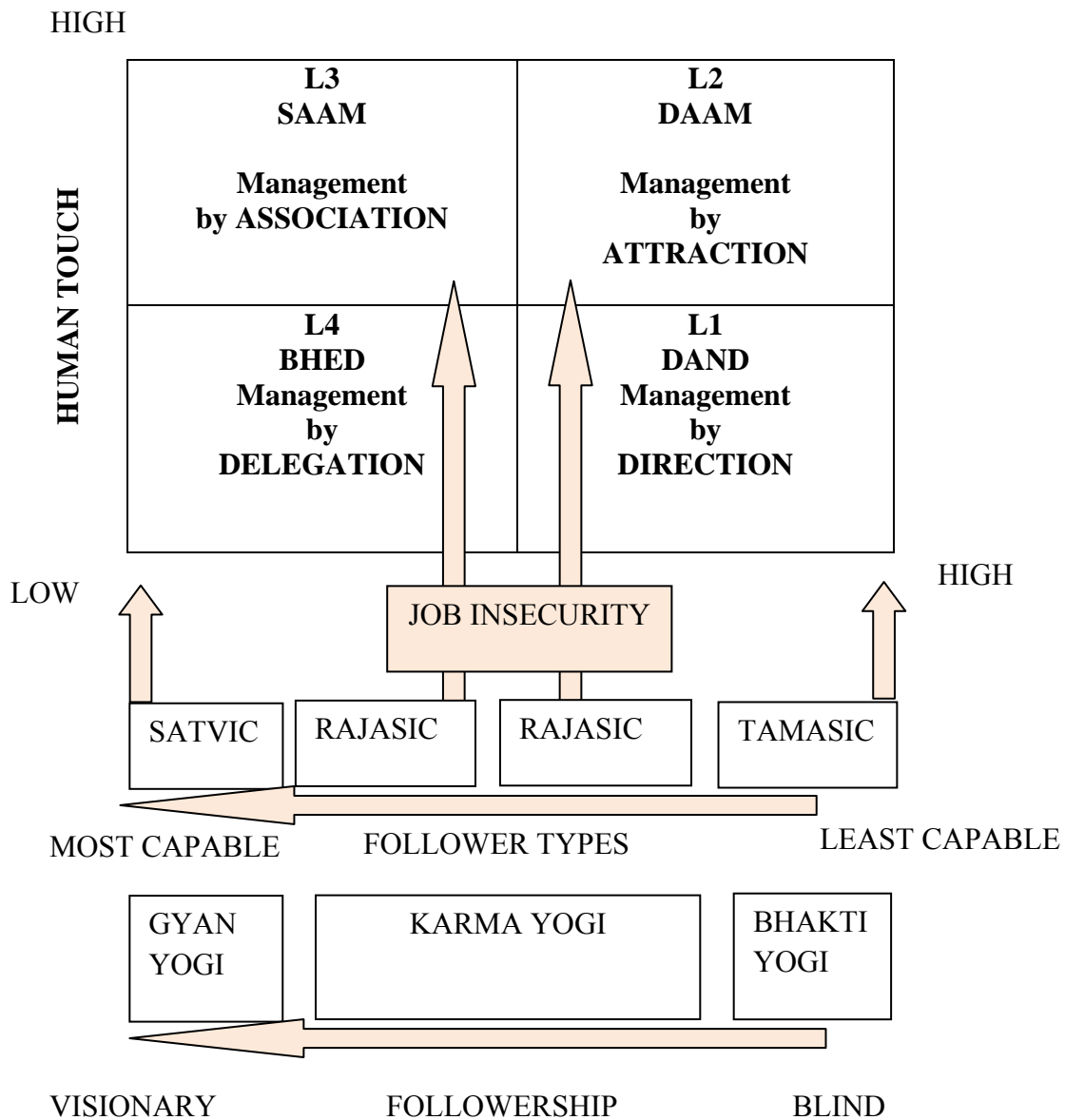
## Arindam Chaudhuri's Performance Sand Dune

### JOB SECURITY VS PERFORMANCE



**Fig. 5.5: Performance Sand dune**

Prof Arindam Chaudhuri's (2001), India centric management theory i' can be applied by business leaders. It brings together tenets of management from the Bhagvad Gita and combines these principles with Hershey-Blanchard's Situational Leadership model. Leadership styles play a big role with the help of Indian leadership techniques which are explained beautifully in some of our epics like "the Gita" and the Saam, Daam, Dand, Bhed (a little touch of modernity to the concept of Bhed, related Bhed with aspects of ruling/leading by dividing and delegating responsibilities) philosophy etc. which talk about flexible styles of handling people based upon situations and backgrounds ("Leadership Success Multiplier" model: figure 5.6).



**Fig. 5.6: Leadership Success Multiplier" model**

*Dand* is for those who display lack of capabilities and responsibility on the job. They need *management by direction* in order to develop the right attitude.

*Daam*(incentives) works for those who become more mature (overtime or naturally) and requires *management by attraction*, job insecurity still needs to be around but if they work well human touch should be displayed.

*Saam*: As they become more mature, time comes when *job insecurity levels can be decreased and management should be by associating* them in the decision making process.

*Bhed*: Those who are most mature/Satviks would be most productive with least job security and perhaps even without any extra display of human concern. They need to be left alone and trusted completely. *Management by delegation* works wonders with them.

*Tamas (Bhaktiyogis)*: When the *Tamas* come to him in order to reach God (i.e. him) Lord Krishna advises them to have blind faith that he exists and he says that this blind faith would lead them to God. Thus, he calls them the *Bhaktiyogis* (in an organization the top-level people who are supposed to be visionary are converted into Bhaktiyogis).

The *Satwas (Gyanyogis)* come to him he advises them to deny the existence of God and go in search of truth. And he says that this visionary journey would help them actually discover that he exists. Thus, he calls them the *Gyanyogis* (in an organization the exit policies and politically motivated union activities have made the bottom level people the Gyanyogis without proper education or experience).

*Rajas (Karmayogis)*: When the *Rajas* approach him he tells them to keep on doing their work in a devoted manner to reach him. For them work should be worship and he calls them *Karmayogis*.

Thus follower ship from blind to work oriented to visionary as the key to success is very well pictured in Bhagvad Gita. Sadly, most of the Indian organizations don't adhere to it. Perhaps, the only example is that of the army. Knowingly or by default army focuses on follower ship. The bottom level soldier blindly follows orders without asking questions while the middle level captains carry on their work religiously and top level generals strategize.

### **5.36 Opening the door – Future dimensions of leadership**

In short, leadership has become more difficult to sustain in our personality-centred, performance-oriented, information-rich age. To compensate, to survive and prosper, business leaders must be multi-talented, multi-dimensional men and women (Andrew Brown, 2000). New leadership ideas are certainly required. Effective leaders are:

- i. Heroes:** Devote themselves to the comparative good(eg.Nelson Mandela)

- ii. **Actors:** Able to deliver authentic and convincing performances (William J.Kellog, Bill Gates).
- iii. **Immortalists:** Admirable leaders are visionaries with high self-esteem, whose organization take on their personalities (George Merck, H.J. Heinz, and Anita Roddick).
- iv. **Power-Brokers:** Excellent leaders are shrewd dealers in power, who accomplish goals by mobilizing others to act on their behalf (Don Kendall, Akio Morita, and William Siemens).
- v. **Ambassador:** High performing leaders are diplomats, who use their interpersonal skills to develop valuable networks of external supporters (Chung Ju Yung grew Hyundai with his ambassadorial skills).
- vi. **Willing Victims:** Effective leaders are, when necessary, content to make a personal sacrifice for the sake of a cause in which they believe (Jack Welch, Tony Blair)

To be fully effective leaders need to be adept in these entire dimensions of leadership such as multi-dimensional leaders like Mahatma Gandhi, Margaret Thatcher, etc. (Andrew Brown, 2000)

Plato, the Greek philosopher in the fifth century BC, and Chanakya, the Indian philosopher, economist and strategist in the fourth century BC, had tried to study leadership. Plato's study of the contemporary 'philosopher kings' and 'great men' made him believe that leaders are born not made. On the other hand, Chanakya concluded that leaders could be made. (Varma, 2001).

J.P. Kotter, (2002) was of the opinion that good management controls complexity whereas effective leadership produces useful change. Leadership complements management; it doesn't replace it. Leadership motivates them by satisfying them by satisfying basic human needs.

### **5.37 Emotional Intelligence ushering into leadership**

There is increasing evidence that the characteristics of EI: self-awareness, self-motivation, empathy and social skills is more effective than traditional IQ in predicting future life success. Emotional Intelligence is the capacity for understanding and

managing one's own and others' emotions. Intelligence in particular has played a very minor role in organizational behaviour. In the workplace EI indeed have considerable potential for successful performance. (Fred Luthans, 2008).

### **5.38 Concluding remarks**

It is necessary for a leader to have a teachable point of view. Teaching and being a mentor should be one of the important qualities of a future leader. Teaching should involve helping others in identifying the goal and giving the people motivation and discipline in achieving the goals. Teaching others to develop good ideas create organizations that are oriented towards delivering success. Winning leaders articulate values explicitly and shape values that support business idea. Value is the element which guides the organization in the kind of behaviour required of its members. Winning leaders have a clear set of beliefs and actions to motivate others. Great leadership is about taking tough yes/no decisions. Thus the aspects of leadership most relevant for knowledge organizations are core competence, skills and knowledge and attitudes that effective leaders seem to share.

In organizations focus should also be put into aspects of follower ship. Organizational excellence can be achieved when the principles of success such as, passion at work, motivating people and winning friends, effective communication, and leading extraordinarily will be practiced.

What makes a person a leader is still debated, but according to Warren Bennis (1994) all leaders seem to share some common traits. The first is a guiding vision or purpose. A leader has a clear idea of what she or he wants to do professionally and personally, and will pursue the goal regardless of the setbacks. The second characteristic is passion or enthusiasm and the ability to communicate that passion to others. Third, is integrity, consisting of three ingredients: self-knowledge, candor, and maturity. Self-knowledge is knowing one's strengths and weaknesses. Candor is being honest with yourself and is the key to knowing yourself. Maturity is the result of the lessons learned through following, while observing others, learning to be dedicated, and working with others. It is being truthful and never servile. The last two traits go hand in hand: curiosity and daring. A leader wants to learn as much as possible and is willing to take risks.

Thus most organizations now realize that they must embark on this unusual journey – searching and understanding leadership. One reason behind this trend is quite simple; the

discipline of management is giving way to the discipline of leadership. To create a high performance organization, you must have strong leadership. Leadership is one of those fundamental building blocks that drive everything else. The potential of the individual and the organization ultimately boils down to leadership.

## Chapter 6

### Strategic Mapping for Dynamic Performance for HR Competencies

#### 6.1 Introduction

Performance Management has become increasingly important due to a variety of economic and social pressures. Williams (2002) identifies globalization, increased competition and the increasingly individualistic rather than collective employee relationship as some of the major drivers contributing to the increased visibility of performance management systems (PMS). Faced with fast moving and competitive environments, companies are constantly searching for unique ways in which to differentiate themselves from their competition and are increasingly looking to their “human resources” to provide this differentiation. This has led to much interest in the performance of employees, or more importantly, how to get the most out of employees in order to sustain competitive success.

#### 6.2 Conceptual Overview

A performance management system is a useful framework for companies to use to communicate important messages to their employees. It can be used to achieve a number of different functions; as a method of communicating organizational goals; identifying development requirements, improving individual and team performance, planning for the future and the measurement of results and outcomes (Armstrong and Baron, 1998a). Performance management is therefore difficult to define as: “it is no single thing” (Williams, 2002).

Hartog (2004) states that: “Performance management deals with the challenge organizations face in defining, measuring, and stimulating employee performance with the ultimate goal of improving organizational performance”.

Concerned with organizational performance only, this says little about the benefits to employees and what they get out of performance management systems. Armstrong and Baron (1998a) define performance management as: “a process for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and



longer term”. There is, therefore, no universally agreed definition of what performance management is or does. There are, however, several models which have attempted to explain how HR policies have an impact on firm performance, self-esteem through attainment of goals and to improve quality of work (Locke and Latham 1984). London et al (2004) evaluate the importance of goal-setting and conclude that line managers and employees need more explicit training on how to set goals ensuring they are specifically aligned to the overall company objectives. **Process two** of the framework is concerned with the measurement and appraisal of goals. Once objectives have been agreed it is of vital importance to continually monitor and review performance against those objectives (Armstrong and Baron 2005). This is a major role of the line manager who has the responsibility to review the performance of their staff. The recent performance management survey indicates that the most popular method to achieve this is the performance appraisal (CIPD 2005a). “Performance appraisal .....a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards” (Fletcher 2001). Appraisal provides the mechanism to provide effective feedback on achievement of which is an important factor in improving performance (Williams 2002). The CIPD (2006b) see feedback as: “one of the quickest and easiest ways of improving performance, relationships and motivation”. Despite this, appraisal has often been viewed as a mechanism to control employees’ action at work (Newton and Findlay 1996) and is widely criticized in literature. Hendry et al (2000) suggest that appraisal is a “misused” process, designed to control employee’s activities. Coates (1994, cited in Torrington et al (2005) suggests that the appraisal is used as a device to establish: “the extent to which the individual conforms to the organization”

Fletcher (2004) describes it as a “high risk activity” for managers, given the many pitfalls associated with it, Newton and Findlay (1996) highlight the fallibility of appraisals as they are open to manager manipulation. Despite the criticisms, the use of performance appraisal is widespread and perceived to be an effective part of a performance management system (CIPD 2005a).

Appraisal has changed in recent years from a purely paper-based exercise to being an aspect of a continuous performance management process with formal review performance once or twice a year (Armstrong and Baron 2005). There has been an

increase in popularity of self-appraisal, team and peer appraisal as well as 360 degree feedback (CIPD 2005a). **Process three** of our framework argues the case for: “linking rewards strategies to business goals” (Gratton 1996) which will encourage the performance necessary to meet short and long term business objectives. Brown (2001) supports this concept but suggests that many reward strategies actually impede organizations in the operation of their business while Hendry et al (2000) questions whether employees are actually being motivated to do the right things in order to meet business goals. Many organizations have looked to improve performance by linking it to pay; performance related pay (PRP) can take many different forms (Williams 2002) and the type of reward and how it is linked to performance management varies by organization (IDS 2003). There are many differing views on the effectiveness of PRP (Williams 2002) and whether or not it contributes to improved performance. It has been argued that PRP is a process of control, rather than contributing to real development (Hendry et al 2000). Reward is not just about pay, many organizations are recognizing that non-financial rewards are as powerful and motivating as money (Armstrong 2002). Non-financial rewards can include awards (employee of the month for instance), advanced career opportunities, autonomy, flexibility of working hours and training and development opportunities (Williams 2002). Total reward systems incorporate both financial and non-financial rewards and can be instrumental in encouraging job satisfaction and commitment to the business (Armstrong and Baron 2005).

It is important however, to establish what type of reward will be valued by the employees, not to implement a system based on senior management experiences of what they themselves value (Hendry et al 2000), as well as recognizing that: “different people are motivated by different things” (Torrington et al (2005).

Brown (2001) discusses the: “era of the talent war” and how important it is to implement the most appropriate reward strategies, and make them flexible, which will retain the best people within the business. The framework has so far identified the need to reflect the business goals at an individual and team level, has established the necessity to measure and review continuously and suggested that reward strategies reflect what the organization is trying to achieve. In order to support this process, both in the short term attainment of goals and the long term development of employees there is a requirement to **identify training needs**, which is **Process four** of the framework. There has been a

change in scope of the appraisal process in recent years, with an increasing focus on employee development, as more and more businesses focus on how targets are achieved rather than just the achievement itself (Gratton 1996). This has led to a combination of both objectives (outputs) and competencies (inputs, Taylor, 2005) and the recognition that personal development planning (PDPs) are a fundamental part of a PMS. By offering employees the opportunity of enhancing their skills through training, levels of self-confidence will improve and performance will be enhanced (White 1999).

Beardwell et al (2004) develop this further by suggesting that: “staff management and development will become the primary weapon available to managers to generate success”.

This view is shared by Harrison (2005) who reports on studies which have identified the HR practices most likely to result in improved performance as being career development and training. Armstrong and Baron (2002) see training as a key process for gaining commitment to the organization which in turn should encourage “discretionary behaviour”. IDS (2005) support this view when reporting that investment in training and development can not only improve financial performance but also have a positive effect on employee satisfaction and commitment. The success of training and development initiatives again lies with the line manager and their approach to their role as “people managers” (CIPD 2005b) as well as their ability to provide meaningful “on the job” training, potentially in the form of coaching. Gibb (2003) concludes that line managers have a significant role to play in constructing the right environment for learning, development and subsequently improved performance to occur. Renwick and MacNeil (2002) develop this further with the inclusion of career development and the associated benefits and pitfalls of proactively developing employees’ careers. Harrison (2005) suggests that more companies are offering career development programmes which involve lateral as well as upward movement within a business. Becoming a “**learning organization**” is the **focus of Processes five to eight** which concentrate on creating the right culture and structure, ensuring that HR is seen as a strategic role and that long term views and a focus on the future is paramount (Gratton 1996). We focus less attention on the remaining processes as they are less line manager influenced than the short term processes in which line management have a fundamental role.

Pedler cited in Armstrong and Baron (2002) describes a learning organization as: “*an organization which facilitates the learning of its members and continually transforms itself.*” The concept of performance management therefore underpins the philosophy of the learning organization, promoting continuous improvement, focusing on the accumulation of skills and competencies in the short term to meet the organizations long term requirements.

Harrison (2005) argues, however, that: “learning and individual performance will never make a positive contribution to performance management where organizational context is unfavourable”. Understanding the structure and culture of an organization is of vital importance, as it could contribute to constraining performance (Hartog et al 2004) as well as encouraging it. Williams (2002) sees performance management as: “a mechanism for inculcating a particular culture, that is, a ‘performance culture’”. The values or mission statement of an organization often reflect the way in which employees are expected to behave, or as organizational culture is often described: “the way we do things here” (Buchanan and Huczynski 2004). Hailey cited in Armstrong and Baron 2002) believes that organizations should focus on identifying the most appropriate behaviour which will meet their organizational objectives and use tools and processes such as performance management to develop those behaviours in the workforce. In this way, the desired culture will grow. “Achieve human capital advantage” (Armstrong and Baron 2005). In turn this should **provide competitive advantage and long term sustainable success** which is the purpose of **Processes nine to eleven** – transformation to a highly skilled, highly developed and highly motivated workforce. Processes nine to eleven are described as: “transformational” (Gratton 1996) and are concerned with the growth and development of the individual, the workforce and the organization as a whole in the long term. Gratton (1996) identified some of the key processes required to achieve this transformation in the form of succession planning, management development and career development.

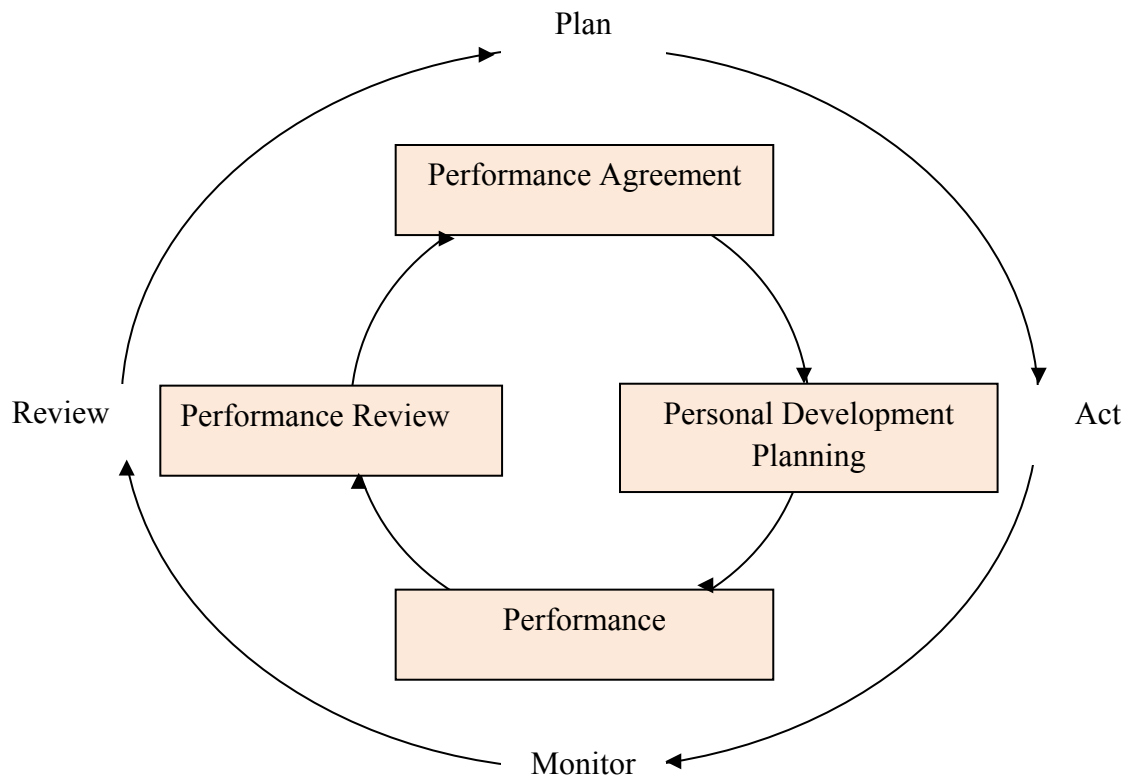
Literature has identified a number of key themes central to the performance management discussion. At the top level, it is the organization that sets the tone for the performance management system by means of clearly identifying what is expected of their staff and more importantly how they are expected to deliver those requirements. It is these messages which drive the business in the desired direction and helps it to achieve its

ultimate aim – sustained competitive success. The People Process Framework (Gratton 1996) is a complex, prescriptive model designed to deliver short term business objectives whilst preparing for future success. This model clearly identifies which processes are required in order to guarantee success in the long and short term and identifies the clear link between people processes and the overall business strategy. Literature also highlights the growing importance of the line manager with more and more companies devolving HR responsibility to the line. The success or failure of a PMS is increasingly in the hands of the line manager and the way in which they interpret or implement the processes involved in people management.

Performance measurement helps organizations to identify gaps and to take corrective actions as important ingredients for an organization to excel in today's competitive environment. In order to evaluate performance properly, developing and implementing a workable system that suits the requirements of a job is vital to prove that they are within the bounds of the expected results.

Performance Management is the total system of managing the attainment of organizational goals and objectives through the assignment of duties and tasks to employees, appraising performance and institutionalizing a performance based reward system. Its concept proposes that the organization can improve the service delivery by:

- Focusing on goals, objectives and targets,
- Mobilizing employees' capacity and potential,
- Ensuring high quality standards,
- Assigning accountability for achieving objectives,
- Ensuring continuous employee training and development,
- Enhancing efficiency and effectiveness etc. (Performance-Based Management Handbook Volume .I, 2001).



**Fig. 6.1: The Performance Management Cycle**

### 6.3 Origin of Performance Management

According to the Holy Bible evaluation of performance started on the sixth day after the world was created; “And God saw everything that He had made, and behold, it was very good”. (Genesis 1: 31). This shows that the Creator had set goals for each day and evaluated his performance after setting all resources in order as planned. Armstrong and Baron (2002) have discussed that, no one knows precisely when formal methods of reviewing performance were first introduced. Contrary to this, Koontz (1971), as cited by Armstrong and Baron (2002), tries to trace its origin from the emperors of the Wei Dynasty (AD 221 – 265) in China. The emperors had an ‘Imperial Rater’ whose task was to evaluate the performance of the official family. Centuries later, Ignatius Loyola (1491 – 1556) established a system for formal rating of the members of the Society of Jesus (the Jesuits).

Armstrong and Baron (2002), and Pollitt and Bouckaert (2004), pointed out that, formal administrative system that would perform well against efficiency criteria, however evolved out of the work of F.W. Taylor and his followers. In the early fifties attention

began to be devoted to appraise performance of technical, professional and managerial personnel. Since then, as a result of experiments and a great deal of study, the philosophy of performance appraisal has undergone tremendous changes that include the terminology used. Merit Rating in the 1950s and 1960s Management by Objective and Behaviorally Anchored Rating Scale in the 1960s and 1970s, Result-Oriented Performance Appraisal in the 1970s, and Performance Management as a recognized process from mid 1980s onwards which is the dominant practice of the day (Armstrong and Baron, 2002). Regarding the purpose and process, the history of performance management goes that from trait oriented to developmental one. In this regard, one can also easily summarize the performance management historical path as follows.

- Trait-based Performance Appraisal System;
- Behavioral – based Performance Appraisal System;
- Result – Oriented Performance Appraisal System, and
- Performance Management

**The evolution of the concept of performance management** as a new Human Resource Management model reflects a change of emphasis in organizations away from command and-control towards a facilitation model of leadership. This change has been accompanied by recognition of the importance to the employee and the institution of relating work performance to the strategic or long-term and overarching mission of the organization as a whole. Employees' goals and objectives are derived from their departments, which in turn support the mission and goals of the organization.

Performance Management Systems (PMS) are complex; comprising diverse processes which seek to encourage the discretionary effort that enhances both individual and organizational performance. Performance Management is the essence of managing, and the primary “vehicle” for getting the desired results through employees at all levels in the organization. The performance management process provides an opportunity for the employee and performance manager to discuss development goals and jointly create a plan for achieving those goals. Development plans should contribute to organizational goals and the professional growth of the employee. In the absence of such a system, staff members are unclear as to the employer's expectations regarding performance objectives and standards/targets, leading to low productivity, costly mistakes, stress, de-motivation,

and conflict. Sound Performance Management Systems subscribe to the crucial Principle: “What gets measured gets done”. The days of having a “one-set-of-measures-fits-all”. Performance Management System is inherently flawed and long gone. Performance objectives and measures need to be specific to job categories and individual roles.

Performance management is the systematic process by which the organization involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of organizational mission and goals. Performance management is a holistic process bringing together many activities which collectively contribute to the effective management of individuals and teams in order to achieve high levels of organizational performance. Performance management is strategic, in that it is about broader issues and long term goals and integrated as it links various aspects of the business, people management, individuals and teams. To strengthen both, individual effectiveness and organizational effectiveness, it is essential that individuals are suitably empowered; however authority and accountability should be commensurate with each other. Such checks and balances would improve the effectiveness of the performance management system.

Usually performance appraisal is understood as performance management, (Enos, 2000) but it is only one aspect of performance management. Performance management is broader than appraisal and takes it as one component (Armstrong and Baron, 2002). By 1990 performance management had entered the vocabulary of Human Resource Management in the UK as well as in the USA.

Fowler (1990) as cited by Armstrong and Baron (2002) defines what has become the accepted concept of performance management:

*Management has always been about getting things done and good managers are concerned to get the right things done well. That, in essence, is performance management – the organization of work to achieve the best possible results. From this simple viewpoint, performance management is not a system or technique; it is the totality of the day-to-day activities of all managers.*

Performance management methods can be classified into two major categories: traditional (straight ranking method, man-to-man comparison methods, grading, graphic rating scales, forced choice distribution, check list, critical incidents, group appraisal,



field review method etc.). This method concentrates mostly on the behavioural aspect of employees; necessary attention is not given to results. On the other hand the modern method (assessment centers, appraisal by result, or management by objective, human asset accounting method) is concerned with the results rather than the behaviour aspects.

Morrissey, on the other hand, classified performance management systems into a continuum between two theoretical extremes. At one end of the continuum is Management by Activity or Reaction (MAR). In this approach, planning is accomplished immediately prior to or in concert with action, and there are frequent changes in plan due to either lack of time in which to consider alternatives or lack of a predetermined objective. Effectiveness is measured by the flurry of activity that goes on and the effort that is put forth rather than by the results produced. At the other end of the continuum is Management by Objectives and Results (MOR). Here management defines in advance the results to be achieved and the action plans required for the achievement of these results. The MAR extreme might be equated with “fire fighting,” whereas MOR is analogous to “fire prevention.” (Morrissey, 1977)

According to Schouten and Beers, MOR as a management style aims to achieve maximum result based on clear and measurable agreements made upfront. MOR is primarily a management style based on the thought that people will work with more enthusiasm and fun if they clearly know what is expected of them, are involved in establishing these expectations, are allowed to determine themselves how they are going to meet these expectations, and obtain feedback about their performance ([http://www.Valuebasedmanagement.net/methods\\_result\\_oriented\\_management.html](http://www.Valuebasedmanagement.net/methods_result_oriented_management.html)).

However, as explained by Armstrong and Baron (2002) MBO has its own shortfalls among which the major ones are:

- Its failure to recognize individual needs and personal objectives,
- Its emphasis on quantity rather than quality,
- Its tendency towards top down approach,
- Its expectations more from managers leaving the rest of the staff.

To right the wrongs, in Drucker’s management by objective and results, performance management (PM) developed through practical challenges and experiences on the job

with guidance and feedback was first recorded in 1976 by Beer and Ruh (cited in Armstrong and Baron 2002).

#### **6.4 Definitions of Performance Management**

Many authors, in the field of Performance Management, define performance management in different ways. To see and understand performance management from different perspectives some of the definitions are presented.

Fletcher defines performance management as an *approach to creating a shared vision of the purpose and aims of the organization, helping each employee understand and recognize their part in contributing to them, and in so doing, manage and enhance the performance of both individuals and the organization* (1993).

This definition emphasizes that the enhancement of organization and individual performance will be realized if there is a common understanding between the organization and employees regarding what is expected of them.

Another definition is by Armstrong and Baron (2002), as:

Strategic and integrated approach to deliver sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.

*This definition gives performance management a strategic view and development of team and individual capabilities to improve performance.*

*Performance management is also viewed as "a means of getting better results from the organization, teams and individuals within agreed framework of planned goals, objectives and standards" (Armstrong and Murlis (1994). This view emphasizes that there has to be organization, team and individual agreement on goals. Lockett's (1992) definition gives much attention to the developmental aspect of performance management, specifically individual development as, "The essence of performance management is the development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization that supports and encourages their achievement"*

The US Office of Personnel Management (2001) defines employees' performance management as: "A systematic process of planning work and setting expectations,

continually monitoring performance, developing the capacity to perform in a summary fashion and rewarding good performance".

Performance Management is also viewed as:

*Performance Management is not a mere routine activity, but a dynamic, momentum-gained, troubleshooting, and impact-oriented process. In essence, therefore, PM has to do with focusing the attention of an organization and its constituent parts on the attainment of specified objectives (corporate strategy) and on the application of constantly changing processes, techniques and technologies.*

According to the American Compensation Association (1996) Performance Management is "a process for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and long term. It is owned and driven by line management."

Performance Management is also defined as:

*Performance Management systematic approach to performance improvement through an on-going process of establishing strategic performance objectives, measuring performance, reporting performance data and using the data to derive performance improvement' (The Performance Based Management special Interest Group)*

The above definitions do have differences i.e., as an approach focus on creating shared vision among staff, as a process, calls on management to involve all staff in the development of the program, as a dynamic process it demands the management to focus on goals and be proactive to manage the changing situations. Further it is also defined as a process focus on culture, an approach focus on managerial functions. All these do have their impact on the design and implementation of the system, which may be influenced by time, experiences, cultural contents of their environment, and the level of development of the targeted subject in their researches. What matters is that performance management is a developmental system, which improves mostly through practice.

Despite the differences between the definitions given to performance management, the main focus related to it is;

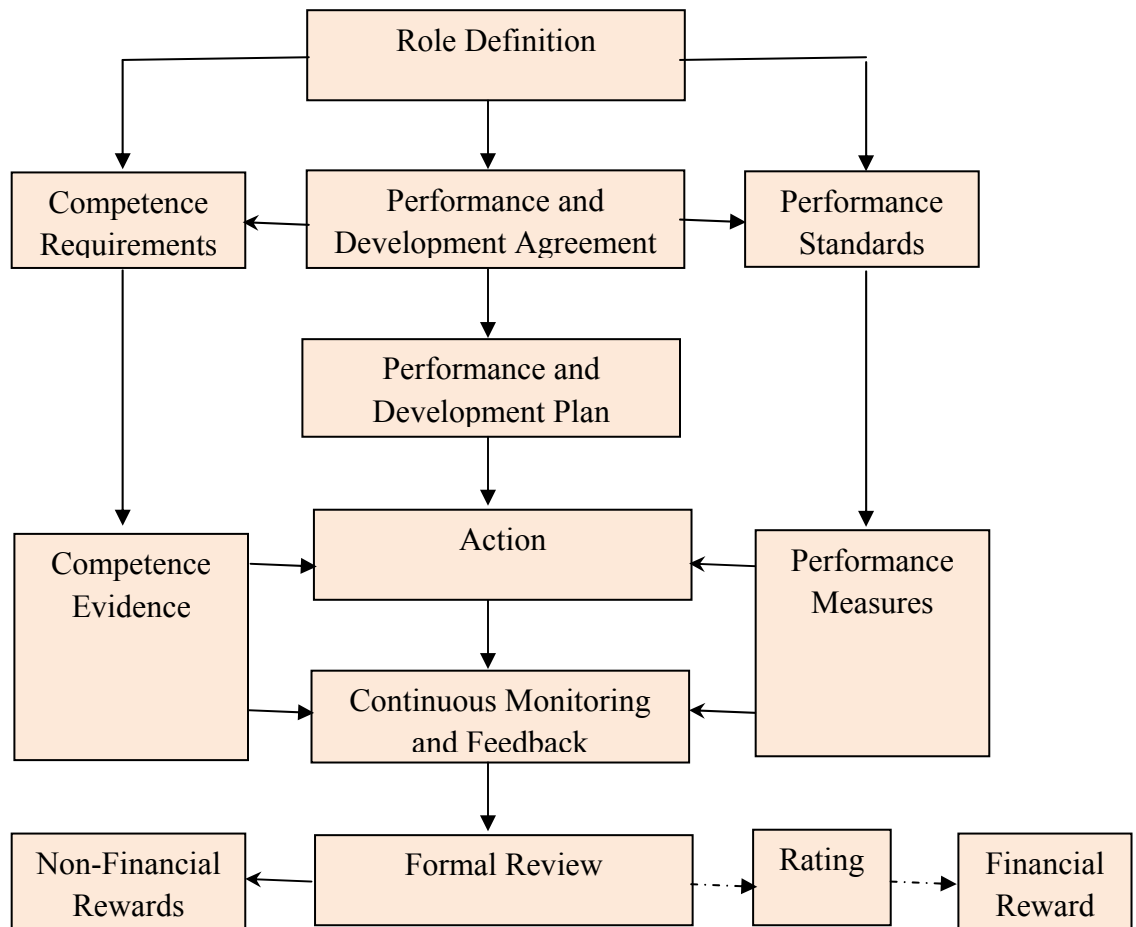
- It is a systematic approach

- Strategic and integrated approach with goals and objectives,
- Involves the organization, team and individual with aligned objectives,
- Development of organizational, team and individual competencies
- Needs the involvement of the management and
- It is a means to reward good performance.

### **6.5 Principles of Performance Management**

Principles are beliefs that govern the development and implementation of any system in an organization. In any situation principles are taking into account the specific situation and background of the organization. With this in mind the principles of PM have their roots depending on the time, and context of development. Whenever organizations want to set or adapt these principles they have to take into account the specific environment and situation and try to adapt them to their context. Generally the two theories about PM are goal setting and expectancy theories (Clark, 1998). The objective setting theory emphasis on assigning tasks to employees specific, demanding but attainable to achieve greater performance. On the other hand expectancy theory states that satisfying important goals causes individuals to adjust their behavior leading/helping them to achieve the set goals. Thus the two theories could be taken as the basis of Performance Management.

Through time and case study researches and management professionals have developed certain guiding principles for PMS. Fletcher and Williams (1992) as cited by Armstrong (1996) came to the conclusion that ‘the real concept of performance management is associated with an approach to creating a shared vision of the purpose and aims of the organization, helping individual employees understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both individuals and the organization.’



**Fig. 6.2: The Performance Management Sequence**

Thus, four underlying principles of effective performance management suggested are:

- Performance Management should be owned and driven by line management,
- Performance Management should emphasis on shared corporate goals and values;
- Performance Management has to be developed specifically and individually for the particular organization and ;
- Performance Management should be applied to all staff, not just part of the managerial group.

### **6.6 Purposes of Performance Management**

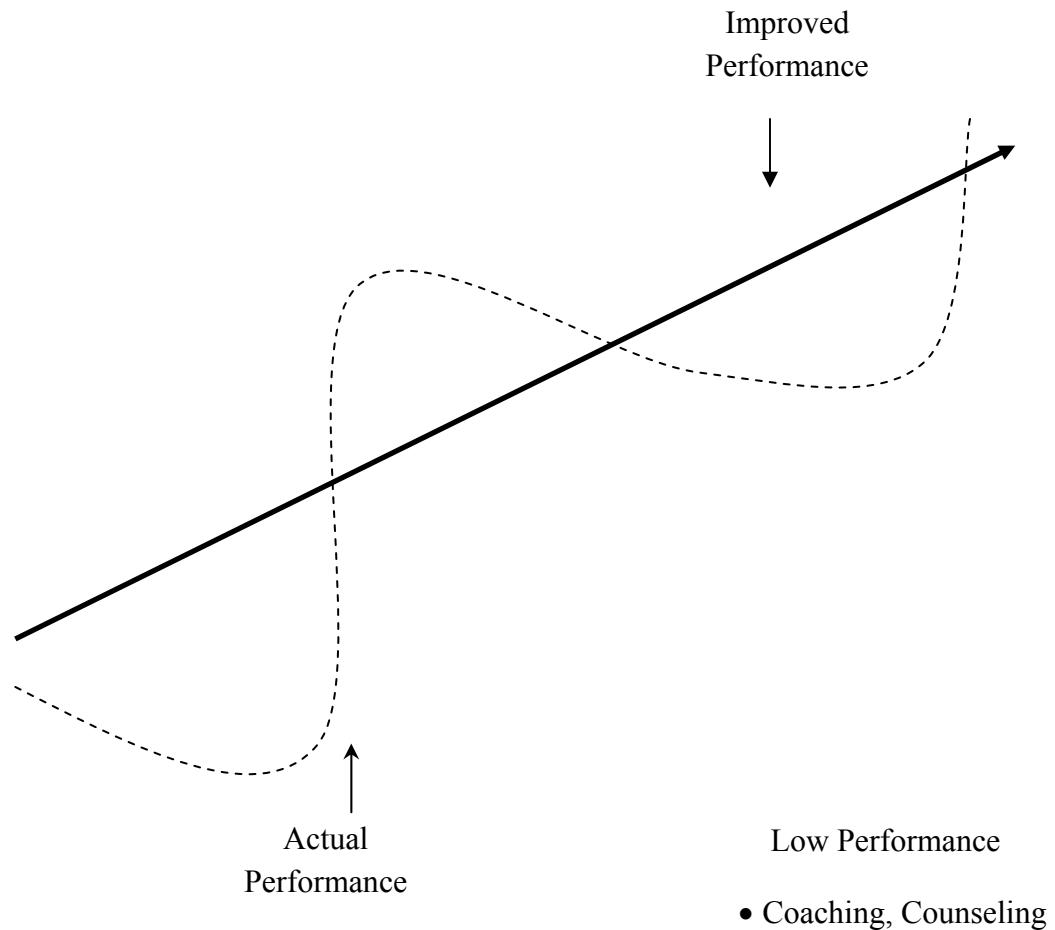
The purpose of Performance Management differs from organization to organization depending on the objective to be achieved. However, most authors do agree that it can serve two main purposes in an organization, i.e., developmental and administrative. The developmental purpose includes identifying readiness of the employee to undertake the

job, career planning, training, discussion and clarification (facilitate two-way communication), identifying needs in management changes (style, system, strategy, structural etc.) motivational and goal directing activities. On the other hand the administrative purpose includes pay based on performance, for promotion decisions, motivating employees, making transfer decisions, making layoff or termination decisions etc (Milkovich and Boudreau, 1991).

Armstrong and Baron (2002) explained the main aims of performance management include achieve sustainable improvements in organizational performance, act as a leverage for change in developing a more performance oriented culture, increase the motivation and commitment of employees, enable individuals to develop their abilities, enhance the development of team work and better performance, develop constructive, contentious and open relationships between individuals and their managers, and provide opportunities for employees to express their aspirations and expectations about their work.

They have explained that the benefits of performance management can also be viewed from:

1. **Organizational** i.e. align corporate, individual and team objectives; improve performance, motivate employees, increase commitment underpin core values, improve training and development processes, help to develop a learning organization, provide the basis for career planning, help to retain skilled employees, support total quality and customer service initiatives and support culture change programs etc.
  2. **Managerial** i.e. provide the basis for clarifying performance and behavior expectations, afford a framework for reviewing performance and competence levels, improve team and individual performance, support leadership, motivating and team building process, provide the basis for helping under performers etc.
  3. **Individual employee** i.e., greater clarity of roles and objectives, encouragement and support to perform well, opportunities to contribute to the formulation of objectives and plans and to improvements in the way work is managed and carried out, an objective and fair basis for assessing performance.
- Reinforce through recognition(Financial and non-financial, Praise, additional responsibility)



<b>Start Year</b> Performance Agreement	<b>During Year</b> Monitoring And Review against Performance Agreement	<b>End Year</b> Main Performance Review
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**Fig. 6.3: Stages of Performance Management**

Armstrong and Baron (2002) referred to the results of the survey conducted by IRS in organizations indicate the reasons why institutions are introducing Performance Management System vary from organization to organization based on the purpose to serve. The reasons could be summarized as follows:

- To bring about cultural change,
- To link pay to performance,
- To improve customer satisfaction through providing quality service,
- To improve performance and identify training needs,

- Feedback from supervisors to staff,
- To devolve control to line managers;
- To improve competence, efficiency, reduce costs and embrace government initiative,
- Achieve better performance and increase effectiveness in meeting organization's objectives.

L. Cardy (2004) uses two approaches to define performance: behavioral approach which describes job performance in terms of behaviors that the worker ought and ought not do; and outcome approach defines it in terms of outcomes attained for example amount of sales, number of new clients etc. Measuring performance is cardinal to performance management. If there is no measurement there will be no improvement, because defining objectives or performance standards without understanding and agreement on how performance is achieving these objectives serves no purpose. It is performance measure that shows whether or not the expected result has been achieved by the jobholder. It is a chain that generates feedback to both managers and individuals to monitor and evaluate own accomplishments.

Armstrong (1996) considers the following as guidelines to define performance measures:

- Measures should be related to results not efforts;
- The results must be within the job holder's control;
- Measures should be objective and observable;
- Data must be available for measurement; and
- Existing measures should be used or adapted wherever possible.

Usually performance measure tells quantitatively about products/services, and the processes that produce them. Performance measures as tools help one to know, how well one is performing; If one is meeting the set goals (output, outcome, impact); If customers are satisfied; If processes do have adequate data for evaluation; and shows if and where improvements are necessary to make rational decisions (A Handbook of Techniques and Tools 1995).



## **6.7 Purpose of Measuring Performance**

According to Armstrong and Baron (2002), the basic concept of performance measurement involves planning and meeting goals; detecting deviations from planned levels of performance and resorting performance to the planned levels or achieving new levels of performance. Important benefits of measuring performance as pointed out in the Handbook of Techniques and Tools on How to Measure Performance (1995) are identifying whether customer requirements are being met; understanding the processes, ensuring that decisions are based on facts but not on emotions, showing where improvements are needed and improvements actually happened, revealing problems of bias, and identifying whether suppliers are meeting requirements of the job. Therefore, successful performance measurement systems adhere to the principles of measure only what is important; focus on customer needs; and involve employees.

## **6.8 Critical elements of good Performance Measurement**

1. Leadership and Commitment.
2. Full Employee Involvement.
3. Good Planning.
4. Sound Implementation Strategy.
5. Measurement & Evaluation
6. Control & Improvement.
7. Achieving and maintaining standards of Excellence.

## **6.9 Four elements of the Performance Measurement Framework**

- Level 1: Strategy Development and Goal deployment (CSFs-Critical Success Factors) with KPIs (Key Performance Indicators) and targets.
- Level 2: Process Management –Process Performance Measurement.
- Level 3: Individual Performance Management- Performance appraisal.
- Level 4: Review Performance, Benchmarking, Self-assessment and quality costing.

## **6.10 Basic Factors for Successful Implementation of the Performance Management System Change Management**

According to Rao et al (1996) the only constant business in life is change that could be large or small, rapid or slow, planned or unplanned, controlled or not controlled from implementation of a new system. Change in an organization can be introduced by internal forces like new strategy, new technology, employee attitude and behaviors, whereas, external forces like technological environment, the economic environment, the political and legal environment, social conditions, and competitive environment.

## **6.11 Alignment of Strategic plan (SP) with all other Management Systems**

The strategic plan is a statement of overall aims and objectives and the business plan is the map of how to get there, how to achieve those aims and objectives. A performance management system links the organization and individual by developing a purposeful result oriented direction, which sets organizational objectives and individual objectives (Johnson and Scholes, 1997).

According to Thompson and Strickland (1995) strategic implementation involves converting the Strategic plan into actions and good results. Successful strategy implementation is whether actual performance matches the targets cited in the Strategic plan. A shortfall in performance is signal of weak strategy, weak implementation or both.

Implementing the strategy requires to know what organizational conditions are needed i.e., managers have to create conducive work conditions and environment to facilitate performance and make the Strategic plan practical. The process involves creating linkage between strategy and organization's skills, competencies, policy, internal support systems, the reward structure and organizational culture. Thus, the tighter the linkage, the more powerful strategy execution and more likely targeted performance can be achieved. Moreover, implementing a strategy is a job for the whole management team and all employees are participants (Thompson and Strickland, 1995).

Dessler (1998) pointed out that implementation of strategic plan requires several things. Among them strategic 'fit' between the strategy and the organizational functional activities (horizontal integration), leveraging the firms core competencies and the top management commitment are required to implement the plan as the basic factors. Dessler says the quality of leadership will ultimately determine whether the strategy succeeds or fail.

Furthermore, implementation of strategy demands matching the organization's structure to strategy that involves reengineering work process to reduce fragmentation and bottlenecks across work units, the creation of process teams, cross functional work groups, use of computers to facilitate fast access to information (Thompson and Stickland, 1995). Establishing policies and procedures, installing support systems that enable staff to carry out their strategic roles successfully, tying rewards and incentives to the achievement of performance objectives, creating a strategy -supportive work environment and organizational culture and commitment of leadership to drive the implementation forward are critical factors.

Many organizations have looked to improve performance by linking it to pay; performance related pay (PRP) can take many different forms (Williams 2002) and the type of reward and how it is linked to performance management varies by organization (IDS 2003). There are many differing views on the effectiveness of PRP (Williams 2002) and whether or not it contributes to improved performance. It has been argued that PRP is a process of control, rather than contributing to real development (Hendry et al 2000). Reward is not just about pay, many organizations are recognizing that non-financial rewards are as powerful and motivating as money (Armstrong 2002). Non-financial rewards can include awards (employee of the month for instance), advanced career opportunities, autonomy, flexibility of working hours, as well as training and development opportunities (Williams 2002). Total reward systems incorporate both financial and non-financial rewards and can be instrumental in encouraging job satisfaction and commitment to the business (Armstrong and Baron 2005).

It is important however, to establish what type of reward will be valued by the employees, not to implement a system based on senior management experiences of what they themselves value (Hendry et al 2000), as well as recognizing that: “different people are motivated by different things” (Torrington et al (2005).

### **6.12 Organizational Culture and Leadership**

Fundamentally, performance management systems are manifestations of and powerful mechanisms for supporting the organization's work culture. Therefore, any discussion of performance management system would be incomplete before exploring the meaning/context of culture and its impacts on performance management system enabling

one to suggest the type of culture that supports identification and development of an appropriate culture to an organization.

Culture management will involve influencing behavior, attitudes and beliefs through process (Blunt and Jones, 1992). And changing attitude is up to individuals as long as they accept that their attitude needs to be changed. The challenge for managers is that people will not change their attitudes simply because they are told to do so. They can only be helped through counseling approach to understand that certain changes to their behavior could be beneficial not only to the organization but also to themselves (Armstrong 1996).

Schein (cited in Kreitner and Kinicki, 2002) defines culture as: A pattern of basic assumptions - invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. He further expounds culture as social glue that binds members of an organization together through shared values, symbolic devices, and social ideals. Hofstede (1991) on the other hand points out four terms related to culture – symbols, heroes, rituals, and values- as manifestations for culture.

Armstrong and Baron (2002) say that when culture matches – as there is no one best way- would contribute much for high performance, quality, involvement, openness, ease of communication and mutual trust that will serve as leverage for change if management is ready to subscribe and act.

Wade and Ricardo (2001) affirm that business strategy must drive culture, because culture which is earned through learning, forms a firm's behavioral boundary that could affect the degree of strategy implementation that calls for properly identifying the cultural characteristics and staff behavior that would facilitate the achievement of the strategy. But the culture of the organization could equally help to shape its strategy. For example a company with an open, enterprising and flexible culture is more likely to adopt this approach while developing its business strategies.

Regarding leadership and performance, several studies support that effective change in an organization's culture comes from able, strong and committed leaders. The PMS needs to

be driven by the strategy and senior management of an organization without which the system will be ineffective. In this way senior management must do more than simply articulate the need for effective performance appraisal, they must be role models of effective performance management behavior which is the critical element in their providing leadership with respect to the performance management system.

Managers as individuals do have their own culture. But as they climb the ladder they are obliged to think organization wide and sacrifice the culture they learned in favor of the organization. Then it is here that they will be required to have managerial style that fits the requirement of the organization. In addition, managers use strong culture to tight employee through a set of managerially sanctioned values. They set the direction and establish a culture, which helps them to maintain it. (Legg, 1989, cited in Armstrong 1996)

From the above discussions it can be concluded that managers should understand the culture of the organization, identify the required culture that support the new system and be committed to play significant role by practicing the required behavior themselves, develop it in their staff and install or reinforce the value system of the organization.

### **6.13 Linkage of Performance drivers to Performance appraisal**

Performance appraisal is one component of the Performance management cycle and is the process of assessing an employee's performance in the current position. Thus 'Appraisal' is an annual affair while performance 'management' is a year round activity. Appraisal focuses on ratings while 'management' focuses on the work, the stakeholders, service levels, productivity, motivation effort and all such performance related variables.

High performance or High Performance Work System (HPWS) has four manifestations of HR capital:

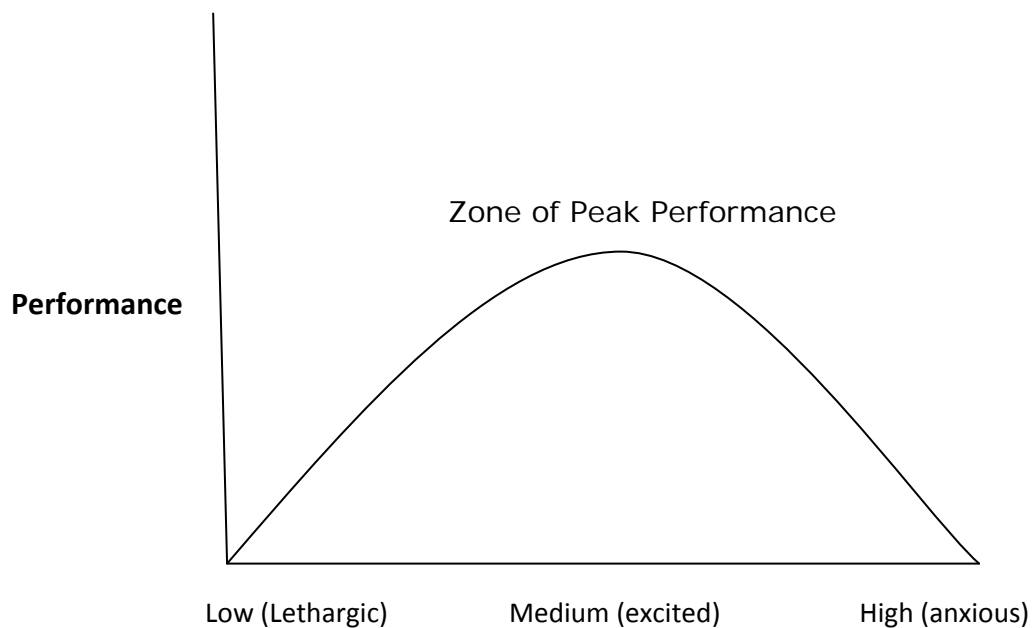
- (i) The Personnel Perspective
- (ii) The Compensation Perspective
- (iii) The Alignment Perspective and
- (iv) The HPWS (High Performance) Perspective

### **6.14 Reaching Peak of Performance**

Psychologists Robert Yerker and J.D. Dodson show that performance improves as levels of mental and physiological arousal increase. People can reach the zone of peak performance when they experience excitement. In other words, when levels of arousal are

too low or when levels of arousal are too high, performance suffers. Teamwork is the key to High Performance. The five keys of Peak Performance Teams (Tracy, 2002) are:

- Shared goals
- Shared values
- Shared plans
- Leadership of action
- Continuous evaluation of results



**Fig. 6.4: Arousal levels**

### **6.15 Objectives and Aspects of Performance Management System (PMS)**

The main objective of performance management is continuous improvements in performance with a view to attaining organizational goals. The performance improvements need to be seen in terms of achievement of the objectives and goals of the organization. The PMS process has two clear objectives:

#### **a. The Evaluation Objective**

- Evaluating & assessing the readiness of an individual to accept higher responsibilities

- To appraise the individuals of their current competency level and need to improve by giving them feedback
- To link it with compensation, rewards and career development.

#### **b. The Development Objective**

- Counseling & coaching of the subordinates to improve their performance & upgrade their competencies
- To motivate subordinates through recognition and support
- To build rapport between superior and subordinate
- To diagnose individual & organizational competencies, so that actions can be taken on problem areas
- To define the training requirements based on individual competencies.

#### **6.16 360 Degree Evaluation**

During the past few decades, the 360 degree feedback, also known as “multi-source feedback” has gained momentum in performance management literature. Its application today transcends national boundaries. 360 degree feedback augments the traditional practice of self-supervising performance appraisal by getting feedbacks from multipurpose sources which include:

- Self
- Superiors
- Peers
- Subordinates
- Internal Customers
- External Customers
- Others

#### **6.17 The Hawthorne studies – Dynamic motivational approach**

- *‘The consumer of knowledge can never know what dicey thing knowledge is until he has tried to produce it’*. F.J. Roethlisberger, investigator at **Hawthorne**.
- The monopoly supplier of telephone equipment to AT&T was the Western Electric Company, and its main factory in the Chicago suburb of Hawthorne

offered employment to some 35 000 people, Western Electric was a paternalistic organization that enjoyed the status of a public utility, forbade union membership, and yet led the way with pension schemes, social and sporting facilities for its workers. Their electrical suppliers claimed in the early 1920s that better lighting improved productivity, thus prompting the famous illumination experiments. These experiments were supervised by two company officials, Clarence Stoll and George Pennock, and it was they who dreamed up the next experiment, on the back of which so many academics were to rise to fame.

- The study was carried out in the relay assembly Test Room. A relay was a switching device activated in the telephone exchange as each number was dialed. Six experienced workers were moved into the area constructed for the illumination experiments in April 1927: five to work on assembly and the sixth to keep them supplied with parts. The young women worked in a row and each completed relay was dropped into a chute and automatically recorded by a hole punched in a tape. The supervisor sat at a desk directly opposite with his assistants in a row beside him; in further emphasis of the social divide, the clerical and administrative staff entered and left the room by a different door.
- There is a familiar anecdote that relates, with variations, that experiments with improved factory lighting increased the productivity of workers. The outcome seemed clear until someone turned the lighting down to below baseline, whereupon output increased still further. The moral of this tale, referred to as the Hawthorne effect, is that people change their behaviour when they think you are watching it. The story relates to the first of many experiments performed at the Hawthorne works of the Western Electric Company in Chicago from November 1924 onwards. The original aim was to test claims that brighter lighting increased productivity, but uncontrolled studies proved uninterpretable. The workers were therefore divided into matched control and test groups and, to the surprise of the investigators, productivity rose equally in both. In the next experiment, lighting was reduced progressively for the test group until, at 1.4 foot-candles; they protested that they could not see what they were doing. Until then the productivity of both groups had once again risen in parallel. Two volunteers went on to



demonstrate that a high output was possible at 0.06 foot-candles, equivalent to moonlight.

- The investigators next changed the light bulbs daily in the sight of the workers, telling them that the new bulbs were brighter. The women commented favourably on the change and increased their work-rate, even though the new bulbs were identical to those that had been removed. This and other manoeuvres showed beyond doubt that *productivity related to what the subjects believed, and not to objective changes in their circumstances.*
- *Treat working people with respect, understand their thinking and group dynamics, reward them appropriately, and they will work better for you.* Everyone can be a winner. In the view of one investigator, the invitation to the women's *'to work like we feel'* had 'the emotional force of a Magna Charta or of a Declaration of Independence, and unwittingly it inaugurated a revolution in employee and supervisory attitudes'. George Pennock addressed the Personnel Research Federation in New York in this vein on 15 November 1929. Describing the Test Room, he claimed that *'a relationship of confidence and friendliness has been established with these women's to such an extent that practically no supervision is required.* In the absence of any drive or urge whatsoever they can be depended upon to do their best. They say they have no sensation of working faster now than under the previous conditions ... they have a feeling that their increased production is in some way related to the *distinctly freer, happier, and more pleasant working environment'*. Thus, AT&T had more than 15 million telephones in operation in 1929, and became the first company ever to gross \$1 billion.

### **6.18 Organizational Benefits of Performance Management System (PMS)**

The PMS process helps organizations to:

- Serve as the primary vehicle for implementing organizational goals and strategies (cascaded from top to bottom throughout the organization).
- Align and integrate the objectives and Key Performance Indicators (KPI's) of the organization vertically and horizontally through all job categories and levels, including management. In this way the entire system works together in pointing

towards the critical bottom line MEASURES, with bottom line RESULTS following as a matter of course (“What gets measured gets done”).

- Facilitate continuous performance improvement, organization development and culture change.
- Achieve quality, efficiency and effectiveness, i.e. to meet the citizens’ needs as precisely, quickly and economically as possible.
- Ensure clarity regarding work expectations and performance standards, reducing job holder anxiety/stress, resource wastage and conflict.
- Continually enhance employee competence through identification of output-related training and development needs and strategies.
- Reduce Line Manager reluctance and fear to do Performance Appraisals with their staff.
- Facilitate performance-based remuneration and rewards, so that employees can see and experience a clear link between their performance and the rewards they receive.

**Thus the pre-requisites for implementing an Effective Performance Management System**

- Strong commitment from top management.
- High level of participation of all concerned.
- Clear definitions of what constitutes performance in a given role. This emanates from the objectives of the department and the organization. This should also reflect the linkages of role with others.
- Identification of performance parameters and definition of Key Performance Indicators (KPIs). What comprises the performance has to be communicated to the individual, so that he/she has an idea about what the superior’s expectations are.
- Consistency of application.
- Adequate organizational training to be provided to the individual to achieve superior performance.

- Strong commitment to regular recognition of good performance.
- Rewards and recognition should be built into the system and need not be linked with appraisals alone.

### 6.19 Holistic Engagement Score (HES)

Engagement is about creating an inclusive and high energy environment, where all employees are aligned to contribute to Business success. An engaged workforce delivers a competitive advantage to the Business. Engagement is the state of emotional and intellectual commitment to an organization. Only the jobs that engage the hands, mind, heart and spirit of an employee are truly holistically engaging and thus inherently motivating the employees.

Holistic Engagement Score (HES) - 1to 10 score.

**Methodology:** In table I the components and related factors for evaluation of HES is described:

**Table 6.1: Details of Components and Related Factors**

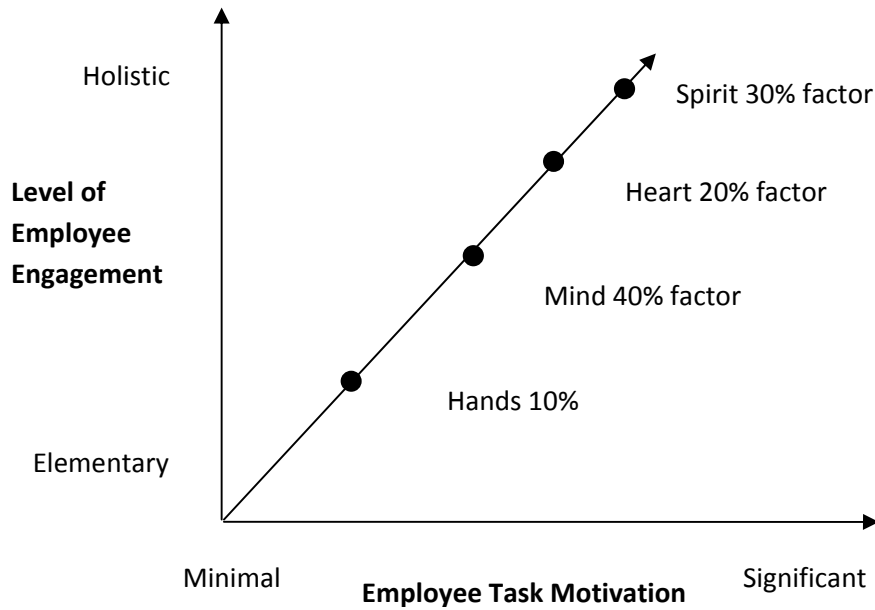
Components	Related Factors
Hands:-The job requires significant manual dexterity.	10 Factors
Mind: - The job’s cognitively challenging.	40 Factors
Heart:- The job incites passionate individual efforts	20 Factors
Spirit:- The job is clearly connected to a higher organizational or social factor	30 Factors

#### **Formula for calculating Holistic Engagement Score (HES):**

$$\text{HES} = (\text{Hand score} \times .1) + (\text{Mind Score} \times .4) + (\text{Heart} \times .2) + (\text{Spirit Score} \times .3)$$

### 6.20 The Manhattan Project

The Manhattan Project resulted in the successful development of the world’s first atomic bomb in an amazingly short period of time, especially considering the technical complexity of the task at that time. The project teams were quite remarkable and reflective of outstanding organizational leadership and organizational design. Motivation and productivity among the “civilian” mathematician team rose to their highest levels and the team played a critical role in bringing the project to a successful conclusion.



**Fig. 6.5: A Model for Assessing and Designing Job Performance**

***HES Calculation Before***

$$HES = (8 \cdot 1) + (10 \cdot 4) + (7 \cdot 2) + (4 \cdot 3) = 7.4$$

***HES Calculation After***

$$HES = (8 \cdot 1) + (10 \cdot 4) + (10 \cdot 2) + (10 \cdot 3) = 9.8$$

**6.21 Concluding remarks**

Today, the global corporations can be visualized as a “logical thread of relationships between a multitude of moving parts”-ideas, information, knowledge, capital, and physical products”. Thus, it is dire essential that a dogged-determined dynamic leadership be practiced throughout the organization, which should emerge in business transformation. Leadership development as per Balanced Scorecard (BSC) has also been attempted to define. Working with ‘full-power-engagement’, designing a job, for ‘holistic engagements’ of the employee’s gives an upshot performance. In this connection, a ‘leadership scorecard’ further helps boosting the performance and productivity of the organization.

## **Chapter 7**

### **Study Design and Research Methodology**

#### **7.1 Introduction**

In this chapter the key themes of the study are concerned. All these themes are linked with the concept of modern measurement techniques of performance, which is the core theme of this study. We observe here that organizations generally develop a product for which technology, project management tools/techniques and finally HR core excellence is required to be harnessed. Keeping these points in view, some of the hypothesis have been devised, revisited and analyzed, in the chapter. The various concepts and principles are given in the succeeding paragraphs. This is followed by a discussion on the methodology of the study.

#### **7.2 HR Balanced Score Card**

Lord Kelvin has said:

“When you can measure what you are speaking about and express it in numbers, you know something about it, but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind”

- William Thompson (Lord Kelvin), (1824-1907)

Rightly so, the generic Balance Scorecard (BSC), approach propagated by the great management professionals Kaplan and David Norton (1996) in their ever eternal green book ‘Balanced Score Card’ will go into annals of history in capturing the concept and moving beyond more financial measurement–to HR strategically accountability rather designing and implementing a strategic HR measurement system.

The BSC approach developed by Kaplan and Norton (1996) develops around four perspectives.

- Financial
- Customer
- Internal/Business Process
- Learning and Growth-Lagging/leading Indicators

Customer satisfaction, diagnostics service, values addition with quality are at the forefront, but the various processes are those which reduce the cycle-time, overheads and further linkages/integrations of many HR issues (Problems solving, motivational, behaviors etc.). Financial parameters, no doubt measure the productivity but the last dimensions of learning and growth which further culminate into lagging and leading indicators are of prime concern because of their past and future thinking perspectives.

*Lagging Indicators:* These are typical financial metrics, which tell about what has happened in the past does not say anything about future or today's outcomes.

*Leading Indicators:* These indicators say about today's decision, and also guarantee about *future* outcomes (R&D cycle time, customer satisfaction, or employee strategic forces etc.).

### **7.3 Seven Step Implementation Model of HR Balance Scorecard**

A 7-step model suggested by Becker et al. (2001) is given below in point form:

- Step 1: Clearly define business strategy
- Step 2: Build a business case for HR as a strategic asset
- Step 3: Create a strategy map
- Step 4: Identify HR deliverables within the strategy map
- Step 5: Align the HR architecture with HR deliverables
- Step 6: Design the strategic HR measurement system
- Step 7: Implement management and measurement

Finally, the HR capital is encashed for value creation of an organization –some studies show that upto 85 per cent of a corporation value is based on intangible assets.

#### ***Balanced Score Card Hypothesis (H-1)***

The inferred proposition, which is validated in the present work, has emerged as:

***“The dynamic organizations work on ‘Balanced Scorecard’ principles to identify key HR performance drivers for achieving organizational excellence.”***

## 7.4 Six-Sigma Approach Model

Six Sigma is a management philosophy that attempts to improve upon customer satisfaction to near perfection. A six sigma company has little more than three bad customer experiences (3.4) for every million opportunities. (Ecke, 2001). This level of near perfect performance is a significant distance from where most organizations stand today. Some brief discussions have already been included in chapter two. Herein, Six Sigma measurement and evaluation techniques will be discussed briefly.

Six Sigma is a smarter way to manage a business or a department– towards managing with facts and data. It is a management method that has customer satisfaction as its `overriding philosophy'. Six-Sigma is at 999997 per cent performance, wherein defects in many process and products are almost non-existent. As per Pande et.al (2002), six sigma efforts, target three main areas:

- Improving customer satisfaction
- Reducing cycle time
- Reducing defects

Ecke (2001), in his latest book entitled `Making Six Sigma Last'- examines three critical success factors (CSF)"

- Strategic component
- Tactical component
- Cultural component

Ecke in the above book, i.e. managing the Balance between Cultural and Technical change exclusively addresses the third and most important component of the *Cultural Component of the Critical Success Factors (CSF)*. The `Cultural acceptance of change' is the single most dominant factor and the same is most neglected/overlooked by most of the organizations. It cannot be over-emphasized here more than this, that if this component is mastered by any organization, it can bring in/usher in more amazing/dramatic results forwards six sigma performance–continuous improvement. It is much more than SWOT principles application of organizations as well as that of individuals.

## 7.5 Performance Evaluation

A simple but powerful formula has been given as equation (4.1), for finding out performance evaluation, and giving much focus on the third component of six sigma, that is, 'cultural acceptance of change'.

$$E = Q \times A \text{ ----- (4.1)}$$

where,

E = performance evaluation (refers to the extent a company achieves six sigma as a technical measure of performance)

Q = quality refers to strategic and tactical elements of six sigma initiative)

A = cultural acceptance of change (refers to cultural acceptance of the strategic and tactical elements of six sigma)

A high quality (Q), element is not enough to ensure success. Without 'cultural acceptance', the change effort might begin with initial enthusiasm and excitement but will quickly fizzle out. Herein, management of change is also *inbuilt, incessant and inherent* (3 x Is).

The above formula is multiplicative and E can be calculated by equation (i) to find out the results by the interpretation given in Table7.1 (Ecke, 2001).

**Table 7.1: Performance Evaluation: Six Sigma Approach**

Q x A Score	Results
0 – 20	Wasted efforts and money on six sigma
21 – 40	Some tactical results appear, but initiative may likely die down
41 – 60	Significant tactical results achieved, initiative will focus on projects for the life of six sigma
61 – 80	Cultural transformation takes place, but requires reviewing for survival/staying
81 – 100	Cultural transformation has taken place—a world-class six sigma organization has emerged



If the value of E is measured as per Table 7.1 and is answered 60 per cent then cultural transformation takes place but requires reviewing and only after 80 per cent of E value, the transformation of an organization takes place-a world-class six sigma organization comes to stay. At around 40 per cent, only cultural transformation visibility starts, which requires lot of initiative to be taken, otherwise it will die down.

### ***Six Sigma Proposition (H-2)***

This proposition is:

***“The dynamic organizations follow an attitude of “cultural acceptance of change” for achieving higher performance.”***

A proposition is defined as a statement about observable phenomena (concept) that may be judged as true or false. When a proposition is formulated for empirical testing, we call it a hypothesis.

## **7.6 Universe of the Study**

For the purpose of the study, different organizations located in Pune region were visited to have an overview and know the status of their HR practices. Organizations were divided into two categories as corporate/industry and Academic institutes. These were selected for the study. Thus the employees working in the selected organizations formed the universe of this study.

## **7.7 Sampling Frame**

The sample was designed in a two phases. In the first phase the corporate/industry was selected. In second phase the respondents were selected from the academic organizations. The list of the companies was taken from the Yellow Pages, which served as the sampling frame for the purpose of the study. This provided the complete list and companies were taken into consideration from the same. Similarly the list of the academic organization was taken from the official website of Directorate of Technical Education (DTE) of Maharashtra. The website [www.dte.org](http://www.dte.org) provides the complete list of technical institutes which served as the sampling frame. The organizations providing higher level technical education were selected for the sample collection for the purpose of the study.

### 7.7.1 Sampling Technique and Sample Size

Stratified sampling method was used to design sample. From the selected organizations, the respondents were categorized into Managers or executives working in corporate/industry and teachers working in academic organizations. Random sampling was used to collect the data. The lists of persons working in the organizations were taken and randomly respondents were selected to collect the data.

#### (a) Sample Plan for Corporate/Industry:

The total numbers of companies selected are 28. From each company random selection of 5 executives or managers is done. In total data is collected for 140 respondents.

The designations of these five respondents are senior managers, managers, executives, senior supervisor, and supervisor. One from each designation is selected.

#### (b) Sample Plan for Academic Organizations:

The total numbers of academic organizations selected are 15. From each organization random selection of 8 respondents is done. In total data is collected for 120 respondents. The designations of these respondents are Director, Professor, Assistant Professor, Lecturers.

**Table 7.2: Sample Plan (For Respondents)**

Type of Organization	Sample Size	Designation	Number of Respondents	Total
<b>Corporate/Industry</b>	28	Senior Managers	1	28 X 5 = 140
		Managers	1	
		Executives	1	
		Senior Supervisor	1	
		Supervisor	1	
<b>Academic</b>	15	Director	1	15 X 8 = 120
		Professor	1	
		Assistant Professor	2	
		Lecturers	4	
			<b>Total</b>	<b>260</b>

## **7.8 Data Collection Tools**

Two comprehensive structured questionnaires, (See Appendix I & II) one each for the managers and executives working in corporate /industry and in academic organizations were designed. Keeping in view the time limitation of the respondents and to ensure speedy responses from the respondents, the questionnaires were administered personally to all the respondents. The questionnaires were so framed that the maximum information relating to the objectives may be extracted from the respondents, on various aspects of HR performance drivers. Most of the queries were to be responded on various scales. All the questions were close ended, so that the respondent time may be optimally used. A few of the questions were framed in such a way that the respondents may respond one or more options by tick mark. To cross check the response of the respondents, some questions were common with different wording. A few dummy questions were also asked from the respondent to keep them at ease.

The questionnaire I was designed to study the impact of HR performance drivers for achieving organizational excellence and whether organizational culture impact on the employee's motivation whereas questionnaire II was designed to study the impact of cultural acceptance of change on employee's performance.

The efficiency of the questionnaires (schedules) was tested on a small group of executives working in corporate/industry (30) and academic organizations (30) separately and the necessary modifications were made on the basis of the feedback received from these respondents. The modified questionnaires were used for collecting the data. The questions were framed so as to cover all the dimensions for the study.

## **7.9 Validation of Questionnaire**

Validity of a questionnaire refers to the degree to which we are “measuring what we think are measuring” (Kerlinger, 1973). Insufficient validity means a research error when the research design is not able to accomplish what is required to be done. And, high degree of validity reflects the accurate approximation to the real value.

### **7.9.1 Face Validity**

This refers to the degree of fit between researcher's perception and the concept of the variables, which are operationalized through the questionnaire. The operational definition looks on the face of the questionnaire as though, it measures the concept under study. Expert's opinion was taken for establishing their viewpoints, wordings and suggestions. The final validity was done through number of validation sessions after revision/refining of the questions.

### **7.9.2 Criterion Related Validity**

Criterion related validity refers to the degree to which the measurements with the questionnaire are meaningfully related to the objectives of the questionnaire. This validation was also done with active involvement of the experts and language/wording of the questions was refined.

### **7.9.3 Content Validity**

Content validation is guided by the question. "Is the content of this measure representative of the content or the universe of content of the property being measured?" (Kerlinger, 1973). Content validation is essentiality judgmental. The experts examined the content of the questions with a view to variability and objectivity. Re-sequencing of the questions also may be guided by the experts. Accordingly, the questions are revised/refined to meet the above two aspects, i.e. variables and objectivity.

The questionnaires have high content validity for the following reasons:

- i) Identification of items was based on the logical analysis of literature available on performance measurement techniques (Six sigma and Balanced score card).
- ii) Framing of questions was done by involving professional judgment of knowledgeable persons with vast experience of in the particular area.

### **7.9.4 Construct Validity**

In attempting to evaluate **construct validity**, both the theory and the measuring instrument being used are considered. For example, if we are interested in measuring the effect of ceremony on organizational culture, the way in which ceremony was

operationally defined would have to correspond to an empirically grounded theory. Once it is assured that the construct is meaningful in a theoretical sense, then investigate the adequacy of the instrument. Attitude scales and aptitude and personality tests are the generally concerned concepts that fall in this category. Although this situation is much more difficult, some assurance is still needed that the measurement has an acceptable degree of validity.

### **7.10 Testing of Questionnaire**

On completion of questionnaire validation it was subjected to pre-testing through a small sample of respondents (12). The pre-testing respondents are generally selected from the same population from which actual survey is done (Thakur, 1993). The object of the pre-testing was to ensure easy understandability, and eliminating any confusion or misunderstanding.

### **7.11 Reliability**

Reliability refers to the extent to which a scale produces consistent results if repeated measurements are made. Systematic sources of error do not have an adverse impact on reliability, because they affect the measurement in a constant way and do not lead to inconsistency. In contrast, random error produces inconsistency, leading to lower reliability. Reliability can be defined as the extent to which measures are free from random error,  $X_R$ . If  $X_R = 0$ , the measure is perfectly reliable. Approaches for accessing reliability include the test-retest, alternative forms and internal consistency methods.

Test-retest reliability is an approach for accessing reliability in which respondents are administered identical sets of scale items at two different times under as nearly equivalent conditions as possible. Alternative-forms reliability is an approach for accessing reliability that requires two equivalent forms of the scale to be constructed and then the same respondents are measured at two different times. The internal consistency reliability is an approach for accessing the internal consistency of the set of items when several items are summated in order to form a total score for the scale.

### 7.12 Practicality

The scientific requirements of a project call for the measurement process to be reliable and valid, while the operational requirements call for it to be practical. Practicality has been defined as economy, convenience, and interpretability. While this definition refers to the development of educational and psychological tests, it is meaningful for business measurements as well.

### 7.13 Duration of the Survey

Data was collected from January 2009 till November 2009.

### 7.14 Data Analysis Techniques

Filled-up questionnaires were examined for their correctness and observed gaps were mitigated through follow-up with the respondents. To reach the meaningful inferences, data analysis was done by using various statistical techniques such as tests of significance (t test), correlation and multiple regressions etc. One sample t-test was applied to analyze the difference between the performance of employees before training and after training. Thus the hypothesis was formed  $H_0$  and a significant level of  $\alpha = 0.05$  is selected.

$$t = \frac{(\bar{X} - \mu)}{\frac{S_{\bar{X}}}{\sqrt{n}}}$$

The degree of freedom for the t statistic to test the hypothesis about one mean is n-1.

Correlation was applied to explore the association that:

- Whether organizational culture impact on the employees motivation or not. In other words, whether performance is correlated to motivation.
- Whether Leadership is correlated with participation.

- Correlation between Interchangeability and flexibility/ adaptability was carried out.

In statistics correlation is used to summarize the strength of association between two metric variables. The product moment correlation is the most widely used method. From the sample of  $n$  observations  $X$  and  $Y$ , the product moment correlation,  $r$  is calculated.

Multiple regression analysis was done for analyzing the

- Dynamic organizations work on ‘Balanced Scorecard’ principles to identify key HR performance drivers for achieving organizational excellence.
- Impact of HR performance drivers for achieving organizational excellence.
- The impact of motivation on performance is analyzed by using multiple regression taking performance as dependent variable and motivation factors as independent variables.
- Whether organizational culture impact on the employees motivation or not.

$R$  is a measure of the correlation between the observed value and the predicted value of the criterion variable.  $R$  Square ( $R^2$ ) is the square of this measure of correlation and indicates the proportion of the variance in the criterion variable which is accounted for by our model. However,  $R$  square tends to somewhat over-estimate the success of the model when applied to the real world, so an adjusted  $R$  Square value is calculated which takes into account the number of variables in the model and the number of observations (participants) our model is based on.

In general then, multiple regression procedures will estimate a linear equation of the form:

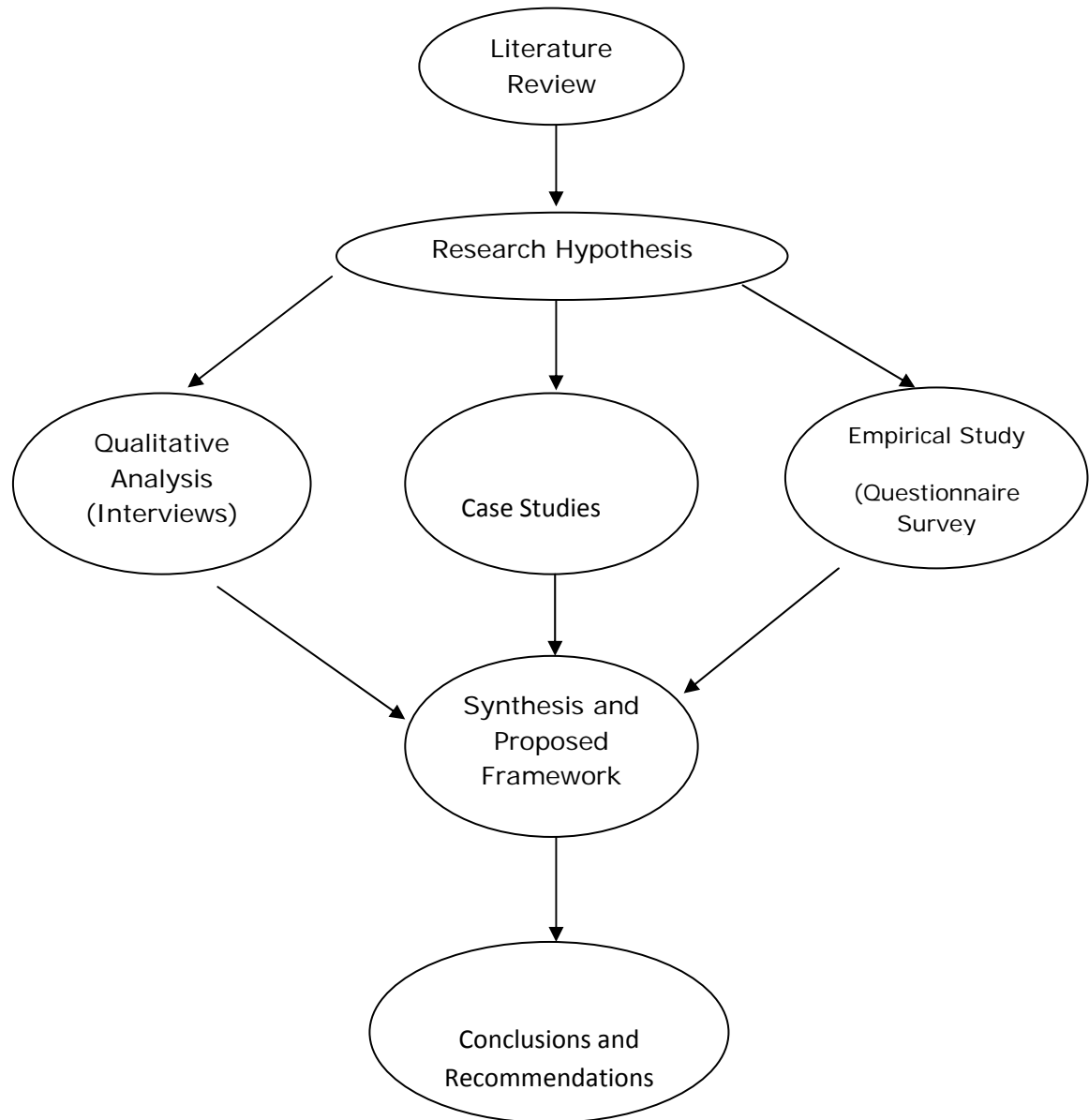
$$Y = a + b_1 * X_1 + b_2 * X_2 + \dots + b_p * X_p$$

Where,

Y is the true dependent, the b's are the regression coefficients for the corresponding X (independent) terms, c is the constant or intercept, and e is the error term reflected in the residuals.

### 7.15 Methodology

A suggested methodology is depicted in the following Figure 7.1



**Fig.7.1: Methodology of the Study**



### **7.16 Qualitative Analysis**

Herein, based on interview with relevant professionals of various organizations, and other leading professionals, the study has been conducted objectively. This was done mostly with top management, i.e. Directors, Joint Directors and concerned head of the design/development groups. The interviews were taken in an unstructured form and further analysis/outcome has been suitably presented. The interviews were quite revealing and present a deep insight to the existing problem. This covered generally the main thrust/or strong points and weak links of the employees as well as core competencies of the organizations.

### **7.17 Case Studies**

Case studies actually unfold the various complexities of the organizations. It covers all the aspects of management like, projects-activities, HR development, training and development, any bottlenecks or any main strong points which can be leveraged. They in-turn suggested improvement in individual performance and brought out important learning issues.

### **7.18 Empirical Study**

Empirical study covers the survey done by way of questionnaire of various organizations and institutes. The questionnaire prepared was based on structure of organization, cultural details, technological and HR core competence, flexibility in HRM, work-culture, productivity etc. This finally culminates into 'users satisfaction' and quality production. It gives an insight of the work culture and its overall environment. The data collection was not easy but a marathon task due to confidentiality considerations. The valid responses were gathered from diverse fields and different establishments.

### **7.19 Synthesis and Proposed Framework**

Finally, a holistic approach of the total analysis has been done based on the two hypothesis, finding weak links and main strengths and have culminated into a HR Balanced Score Card format/template on which any organizations can be usefully analyzed/ studied for its continued improvement/throughout. Synthesis brings in an overall holistic study of the organizational work culture.

## **7.20 Conclusion and Recommendations**

The analysis of the data collected through interviews, questionnaire and case studies has brought to light various interesting facts/findings related to existing flexibility levels and powerful performance drivers and areas, where further improvement is required vis-à-vis human resource practices, organizational structure and various processes which make an effective study of organizations. Some very useful insights and learning's have emerged from case study and its analysis.

Limitations of the study have been brought out too. Some main creative recommendations have been finally suggested with recommendation for overall improvement of the organizations.

## **7.21 List of Selected Organizations**

**a) Academic Institutes:** The main Academic institutes interviewed are as under:

1. Indira College of Engineering and Management, Parandwadi, Pune.
2. Parvatibai Genba Moze College of Engineering , Wagholi, Pune
3. Allard Institute of Management Science, Pune
4. Marathwada Mitramandal Institute of Technology & Research, Lohegaon, Pune.
5. Siddhant Institute of Business Management, Chakan Talegaon Road, Pune.
6. G. S. Moze College of Engineering (MBA Dept.), Balewadi, Pune.
7. Padmashree Vasantdada Patil Institute of Technology, Bavdhan, Pune
8. Dnyanganga Institute of Career Empowerment & Research, Narhe, Pune
9. Lotus Centre for Professional Studies, Pune.
10. Eniac Institute of Computer Applications, Wagholi, Pune
11. Jayawantrao Sawant Institute of Management & Research, Hadapsar, Pune.
12. Imperial College of Engineering & Research, Wagholi, Pune
13. Lexicon Institute of Management Education, Wagholi, Pune
14. Institute of Business Management Studies, Vimannagar, Pune

15. Jayawantrao Institute of Management Sciences, Tathawade, Pune

**b) Industry/Corporate organizations:** The main organizations interviewed are as under:

1. Agrimas Chemical Ltd, Phursungi, Pune.
2. Cognizant Technologies Solutions, Hadapsar, Pune.
3. Flash Electronics India Pvt Ltd, Yerwada, Pune
4. Fourth Dimension Architects Pvt Ltd, Kothrud, Pune.
5. ICICI Bank Ltd, Vimannagar, Pune
6. Knowledge Horizon E-learning Pvt Ltd, Aundh, Pune.
7. Le Human Resources Solutions Pvt Ltd, Shivajinagar, Pune.
8. Mahindra Vehicle Manufactures Ltd, Chinchwad, Pune.
9. Mango Spring, Karvenagar, Pune
10. Mediawide, Vimannagar, Pune
11. MSc Software Corporation India Pvt Ltd, Hinjewadi, Pune.
12. Niteen Parulekar Architects Pvt. Ltd, Pashan, Pune
13. Opus Software Pvt. Ltd, Yerwada, Pune.
14. Polymath IT solutions Pvt Ltd, Warje, Pune.
15. Praj India Ltd, Warje, Pune.
16. Sakal Papers Ltd, Budhwar Peth, Pune.
17. Sanofi – Aventis Pharma, Budhwar Peth, Pune.
18. Sansui Software Pvt. Ltd, Hadapsar, Pune
19. Spicejet Ltd, Vimannagar, Pune
20. Synechron Technologies Ltd, Kharadi, Pune.
21. Tata Motors Ltd, Pimpri, Pune.
22. Tata Teleservices Maharashtra Ltd, Shivajinagar, Pune
23. Tech-Mahindra, Hinjewadi, Pune.

24. Techno Point Multimedia, Pune
25. Tropical Agrosystems India Ltd, Market Yard, Pune,
26. Vigel Manufacturing Technology Pvt Ltd,Pune
27. Zensar Technologies Ltd, Kharadi, Pune.
28. Total Presentations Pvt Ltd, Vimannagar, Pune.

## **7.22 Concluding Remarks**

The philosophy-cum-principles for improving work-culture management have been discussed and two hypotheses have been evolved. Finally, the methodology of the study has been designed and discussed in this chapter. The implementation of the research methodology is discussed in subsequent chapters.

## **Chapter 8**

### **Six Sigma Analysis**

#### **8.1 Introduction**

Organizations of Modern days are passing through highly competitive battlefield environment. For survival one has to be ahead of the fiercely competitive benchmark obtaining in the world. Performance excellence is the single most dominant requirement of all the organizations today. . Rapid breakthrough technological changes taking place every now and then. Eli Goldratt (2002) has analyzed the root causes and problems of flexibility of ‘change’, which are desired for an appropriate organizational throughput. To bring in the requisite ‘changes’ in the organizations, Eli Goldratt, (2002), the exponent of ‘Theory of Constraints’ has suggested three important questions to be asked for continuous improvement:

1. What to change?
2. What to change to?
3. How to cause the change?

And there is no other way to deal with these questions except by using ‘thinking process’ which can ultimately ensure us to systematically find the solutions/answers to any complex problems, whatsoever.

Six sigma (George Ecke, 2001) further addresses ‘change’ acceptances and quality production. Unleashing the brain-power of people under command and articulation of peoples’ dream is more important to the Spiritual leaders as well as to the Spiritual work-culture. Thus, it is observed that the various manifestations of emotional and spiritual quotients finally impart organizational excellence, which will in turn help in the achievement of the desired goals of the company.

#### **8.2 Six-Sigma Approach Model**

Six Sigma is a management philosophy that attempts to improve upon customer satisfaction to near perfection. A six sigma company has little more than three bad customer experiences (3.4) for every million opportunities. (Ecke, 2001). This level of near perfect performance is a significant distance from where most organizations stand

today. Some brief discussions have already been included in chapter two. Herein, Six Sigma measurement and evaluation techniques will be discussed briefly.

Six Sigma is a smarter way to manage a business or a department– towards managing with facts and data. It is a management method that has customer satisfaction as its ‘overriding philosophy’. Six-Sigma is at 999997 per cent performance, wherein defects in many process and products are almost non-existent. As per Pande et. al (2002), six sigma efforts, target three main areas:

- Improving customer satisfaction
- Reducing cycle time
- Reducing defects

Ecke (2001), in his latest book entitled ‘Making Six Sigma Last’- examines three critical success factors (CSF)’

- Strategic component
- Tactical component
- Cultural component

Ecke in the above book, i.e. managing the Balance between Cultural and Technical change exclusively addresses the third and most important component of the *Cultural Component of the Critical Success Factors (CSF)*. The ‘*Cultural acceptance of change*’ is the single most dominant factor and the same is most neglected/overlooked by most of the organizations. It cannot be over-emphasized here more than this, that if this component is mastered by any organization, it can bring in/usher in more amazing/dramatic results forwards six sigma performance–continuous improvement. It is much-much more than SWOT principles application of organizations as well as that of individuals.

### **8.3 Performance Evaluation**

A simple but powerful formula has been given as equation (8.1), for finding out performance evaluation, and giving much focus on the third component of six sigma, that is, ‘cultural acceptance of change’.

$$E = Q \times A \text{ ----- (8.1)}$$

where,

- E = performance evaluation (refers to the extent a company achieves six sigma as a technical measure of performance)
- Q = quality refers to strategic and tactical elements of six sigma initiative)
- A = cultural acceptance of change (refers to cultural acceptance of the strategic and tactical elements of six sigma)

A high quality (Q), element is not enough to ensure success. Without 'cultural acceptance', the change effort might begin with initial enthusiasm and excitement but will quickly fizzle out. Herein, management of change is also *inbuilt, incessant and inherent*. (3Is).

The above formula is multiplicative and E can be calculated by equation (8.1) to find out the results by the interpretation given in Table 8.1 (Ecke, 2001).

**Table 8.1: Performance Evaluation: Six Sigma Approach**

<b>Q x A Score</b>	<b>Results</b>
0 – 20	Wasted efforts and money on six sigma
21 – 40	Some tactical results appear, but initiative may likely die down
41 – 60	Significant tactical results achieved, initiative will focus on projects for the life of six sigma
61 – 80	Cultural transformation takes place, but requires reviewing for survival/staying
81 – 100	Cultural transformation has taken place—a world-class six sigma organization has emerged

If the value of E is measured as per Table 8.1 and is answered 60 per cent then cultural transformation takes place but requires reviewing and only after 80 per cent of E value, the transformation of an organization takes place—a world-class six sigma organization comes to stay. At around 40 per cent, only cultural transformation visibility starts, which requires lot of initiative to be taken, otherwise it will die down.

#### 8.4 Cultural acceptance of change

The modern organizations are passing through fiercely competitive battlefield environment. The 'Organization Design' (OD), 'Organizational levers of control' and 'diagnostic control systems' are the dominant parameters of organizations effectiveness. The strategy has to match with the 'changing scenario' and 'process of change' for achieving higher performance.

**Table 8.2 (a): Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820(a)	.672	.662	1.115

a Predictors: (Constant), acceptance of change

**Table 8.2 (b): Analysis of Variance (ANOVA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	84.131	1	84.131	67.695	.000(a)
	Residual	41.012	33	1.243		
	Total	125.143	34			

a Predictors: (Constant), acceptance of change

b Dependent Variable: rating performance

**Table 8.2 (c): Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.978	.606		3.265	.003
	acceptance of change	.088	.011	.820	8.228	.000

a Dependent Variable: rating performance

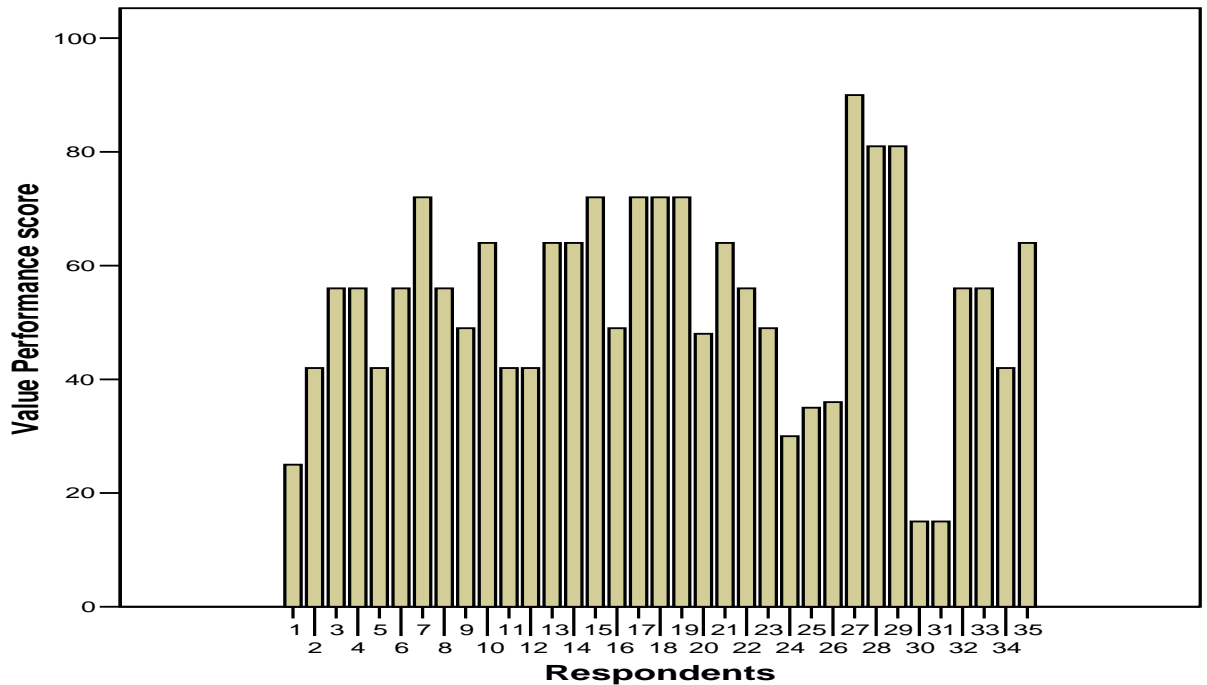


Thus from the above analysis it is observed that “Impact of acceptance of Change” is significant at .01 level and 67% on performance.

## 8.5 Impact of Cultural Acceptance of Change on Performance of Personnel

### 8.5.1 Case study from corporate sector

A format of appraisal system was given to all concerned personnel (senior managers, managers, executives, senior supervisor, and supervisor) and explained what is required out of them and how to fill up. From the calculation and further validation from individual higher value of performance was found to be **90%** and average as **54%**. This clearly shows that **six sigma meaning higher performance culture, is setting in the unit (> 60 scale)**. A graphical representation depicts the appreciation of the performance of personnel of the unit is which is shown at Fig.8.1



**Fig. 8.1: Performance of Employee (Corporate sector)**

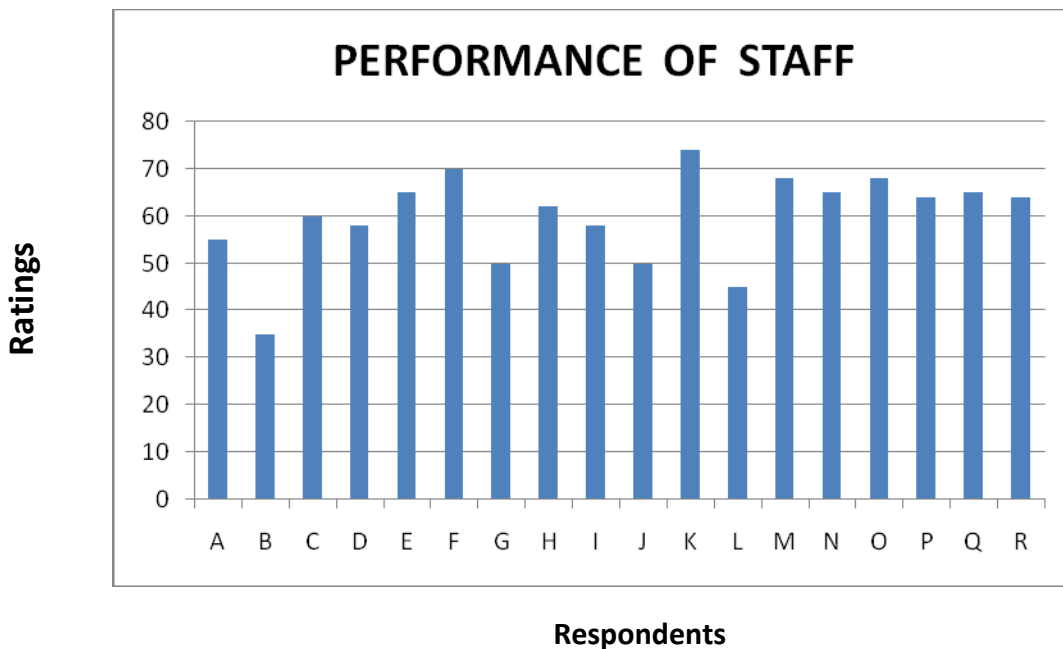
## 8.6 Case studies of Educational Institutes.

Herein, performance evaluation as a case study of personnel’s feedback of three educational institutes from Pune region has been taken randomly. The present work thus may open up new avenues for future research on much needed organizational work-culture especially focusing on High Performance Work System (HPWS), thus

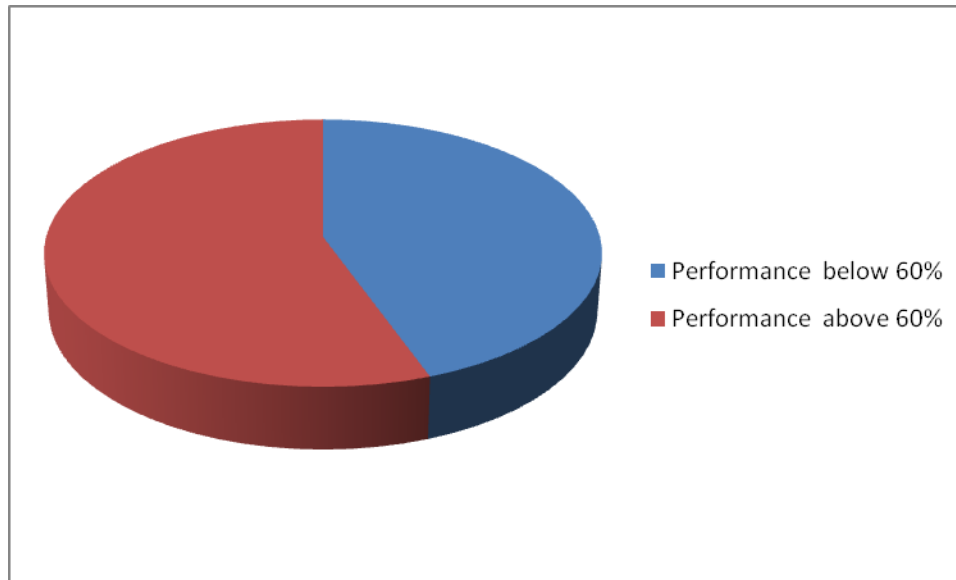
transforming the organizations into passionate organizations. For Socio-Political reasons we are not naming the institutions from which actual study has been carried out.

### 8.6.1 Educational Institute: ABC

From the calculation and further validation from individual higher value of performance was found to be 74 per cent. This clearly shows that, Six sigma meaning cultural transformation is taking place, but requires reviewing for survival/ staying. This clearly shows that six sigma meaning higher performance culture, is setting in the unit (> 60 scale). A graphical representation depicts the appreciation of the performance of personnel of the unit is which is shown at Fig.8.2 and 8.3



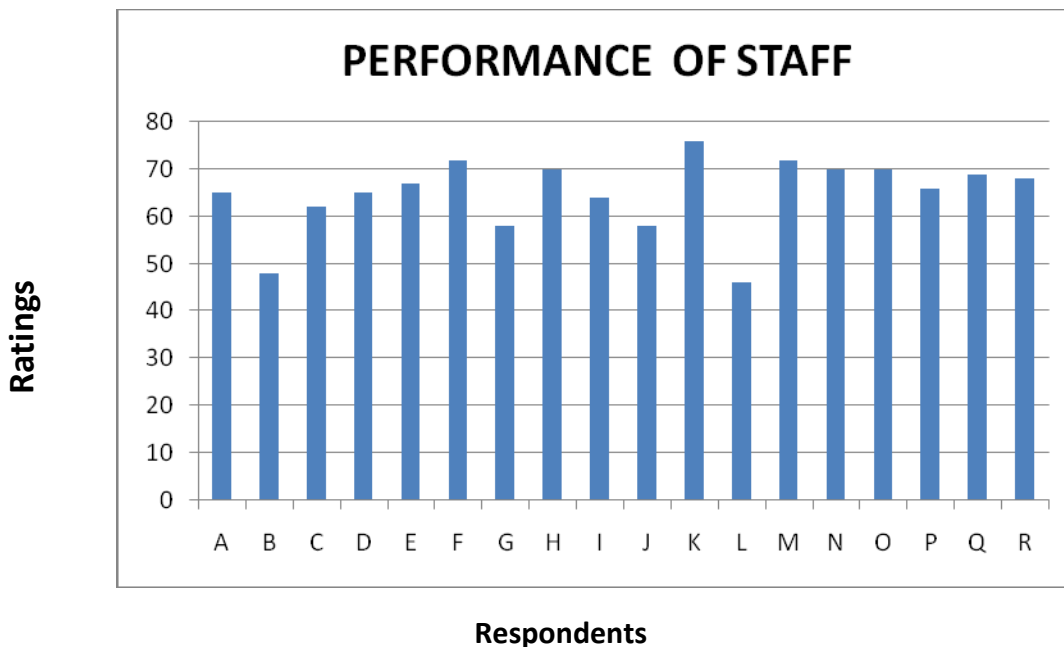
**Fig. 8.2: Performances of Employees (ABC)**



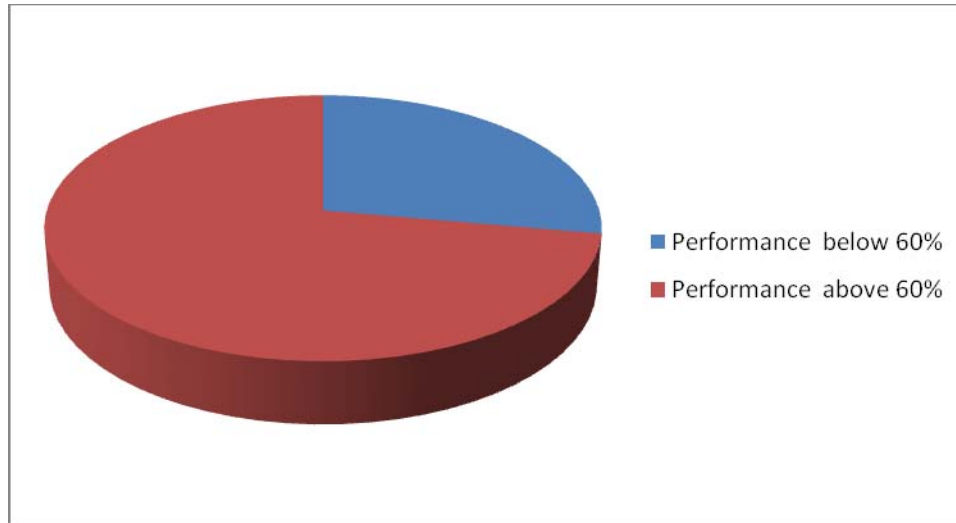
**Fig. 8.3: Performance Appraisal of Staff (ABC)**

### 8.6.2 Educational Institute: PQR

As per six sigma approach for Performance evaluation on a (QxA) score, work-culture visibility states setting in around (QxA) score of 60. From the calculation and further validation from individual higher value of performance was found to be 72 per cent > 60 scale, which shows that six sigma i.e. Higher performance culture is setting in. A graphical representation depicts the appreciation of the performance of personnel of the unit is which is shown at Fig.8.4 and 8.5



**Fig. 8.4: Performances of Employees (PQR)**



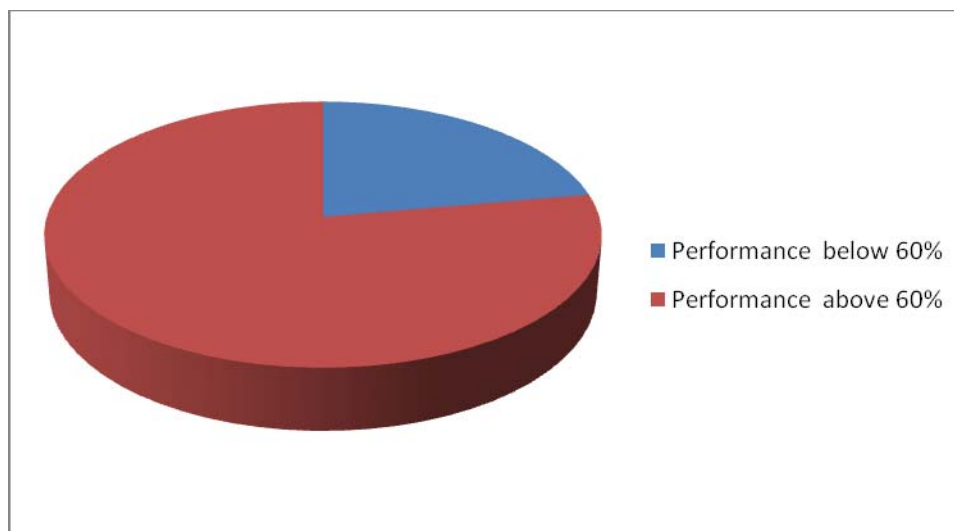
**Fig. 8.5: Performance Appraisal of Staff (PQR)**

### 8.6.3 Educational Institute: XYZ

As per six sigma approach for Performance evaluation on a (QxA) score, work-culture visibility states setting in around (QxA) score of 60. From the calculation and further validation from individual higher value of performance was found to be 76 per cent > 60 scale, which shows that six sigma i.e. Higher performance culture is setting in. A graphical representation depicts the appreciation of the performance of personnel of the unit is which is shown at Fig.8.6 and 8.7



**Fig. 8.6: Performances of Employees (XYZ)**



**Fig. 8.7: Performance Appraisal of Staff (XYZ)**

Herein, three educational institutes (viz; ABC, PQR & XYZ) from Pune region have been taken randomly as a case study of personnel’s feedback for performance evaluation. The summary of percentage of performance rating has been tabulated below.

**Table 8.3: Summary of responses from Educational institutes (ABC, PQR & XYZ)**

Description	Educational Institutes		
	ABC	PQR	XYZ
Performance above 60%	10	13	14
Performance below 60%	08	05	04
Total no. of respondents	18	18	18
<b>% of Ratings</b>	<b>74</b>	<b>72</b>	<b>76</b>

### 8.7 Critical evaluation

From the above cases it has been observed that in all the three institutes “Higher Performance Culture” is setting in, but requires reviewing for survival/ sustenance. Hence

- a) The quality of education has to be maintained in the wake of quantitative increasing growth of indiscriminate institutions.
- b) Herein, we are more worried about good availability of talented teachers, with also lack of talented students’ availabilities.

c) Thus, we observe that in the educational system quality is the fundamental factor to be addressed than the quantity.

**A summary of the ingredients that emerged out of the qualitative analysis of fifteen representative educational institutions have been listed at Table 8.4**

**Table 8.4: Summary of Ratings based on Performance (Educational institute)**

<b>Item-Description</b>	<b>Low (20% - 40%)</b>	<b>Medium (40% - 60%)</b>	<b>High (60% - 80%)</b>
<b>Rating of Performance</b>	B (39%), D (32%), K (30%)	A (41%), C (42%), E (57%), H (42%) I (56%), J (42%), L (42%)	G (81%), M (64%), N (64%), O (72%), F (78%)

### **8.8 Discussion**

Herein, all the fifteen educational institutions have been studied and a summary of ratings based on performance have been shown as low, medium and high ratings. The ratings of low, medium and high have been arrived at according to the percentage. Thus, questionnaire analysis evidently indicates the various institutes' performances.

### **8.9 Concluding remarks**

Technological changes every now and then, the teaching-learning technique by teachers also require a frequent change to suit the changing requirements.

“Teaching leadership scorecard is a tool that ensures that the leadership development function is focused on accompanying objectives that are linked to teaching business strategy.”(Phillips et.al.2009). Teaching – learning scorecard imparts the following benefits:

- It enhances students as well as teacher’s capabilities.
- It develops leadership traits.
- It enriches career development programme as well.
- It imparts teachers training as well.

- It helps teachers – students to unleash their brain-power.
- It truly enhances motivational leadership perspective.
- It enhances teaching-learning as a more focused programme.

The Scorecard also develops intangible assets of both the teachers and students:

- Increases job satisfaction
- Increases organizational commitment.
- Improves teamwork.
- Reduces conflicts and complaints.

Thus, it can be observed that ‘teacher-leadership scorecard’ provides a much needed linkage to needs, objectives and evaluates the whole educational programme systematically.

## **Chapter 9**

### **Empirical Study (Questionnaire Survey)**

#### **9.1 Introduction**

It is well-established that the organizations are primarily project oriented, but HR performance drivers and 'man behind the machine', i.e. 'human capital' is very important driving force. The various aspects of HR and project/ technology aspects have been studied in this chapter by questionnaire analysis. The various questions cover different aspects of work-culture, training and development, leadership styles, organizational matrix and finally performance excellence.

The questionnaires have been set on preliminary data, and interviews and then on primary and secondary data collection. The questions-set has been so formulated that they bring out the salient ingredients of an organization and main core competence/strengths and bottlenecks in all respects. Questionnaire is "primarily a collection of questions that fit the research themes and its objectives, and the answers to which will provide the necessary data for testing hypothesis/propositions formulated for the study" (Kothari, 1985).

Also, questionnaire means, "a set of questions developed in an organized and orderly fashion for gaining information from the people in relation to a given problem" (Thakur, 1993). Herein, the questions are related to generally, HR functions and cultural aspects and bring out the following traits/ingredients.

- HRM measures
- Organizational structures
- Technological developments/managements
- Acceptance of change
- Performance level
- Specialization
- Formulation
- Training and development
- Discipline of execution
- Career Planning



- Standardization
- Communication
- Decentralization
- Delegation
- Participation
- Leadership styles
- Cultural characteristics

Eventually the questionnaires deal with and bring out the flexibility potential and HR performance drivers of the organizations. Along with flexibility the insight into organizations about the structure and cultural characteristics and the environment obtaining are analyzed. The questionnaire sets were dispatched to most of the organizations keeping in mind their wide regional functionality and representative technological yardsticks. The data apart from this were personally also collected by personal interactions. This was a tough job altogether. Thus, the valid data were gathered from diverse types of fields and different organizations. The questionnaire-set (a sample) has been attached at the *Appendix I* of this thesis.

This chapter presents questionnaire analysis and validation techniques two propositions. Finally, the results have been summarized in tabular form wherein about 31 parameters/characteristics have been brought out with their ratings in percent form for further comparative analysis.

## **9.2 HR performance drivers**

The ‘intangible benefits’ are essential to be identified, as they are difficult to measure. These include some of the following ingredients:

- Increased job satisfaction
- Increased organizational commitment
- Improved team-work
- Improved customer service
- Reduced complaints, and
- Reduced conflicts.

Finally all the data is converted into a monetary benefit, as a measurement of ‘leadership Score’ (Philips et al.2009).

### 9.3 Balanced Scorecard’ principles (H-1)

**Hypothesis 1: The dynamic organizations work on ‘Balanced Scorecard’ principles to identify key HR performance drivers for achieving organizational excellence.**

To identify key HR performance drivers for achieving organizational excellence, linear multiple regression was applied and following model is generated.

**Table 9.1 (a): Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423(a)	.179	.131	.610

a Predictors: (Constant), motivation of work performance, Consequence of organizational change, Organizational activities, Freedom of action an executive have within the organization, Chances of promotion after education, Performance of employees appraised, Do employees bring in new ideas or possible improvements

**Table 9.1 (b): Analysis of Variance (ANOVA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.642	7	1.377	3.707	.001(a)
	Residual	44.216	119	.372		
	Total	53.858	126			

a) Predictors: (Constant), motivation of work performance, Consequence of organizational change, Organizational activities, Freedom of action an executive have within the organization, Chances of promotion after education, Performance of employees appraised, Do employees bring in new ideas or possible improvements

b) Dependent Variable: organization excellence

**Table 9.1 (c): Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.259	.979		-.264	.792
	Organizational activities	.094	.104	.079	.906	.367
	Consequence of organizational change	.050	.143	.032	.351	.726
	Freedom of action an executive have within the organization	-.139	.054	-.244	-2.545	.012
	Performance of employees appraised	-.167	.174	-.104	-.961	.339
	Chances of promotion after education	-.070	.213	-.034	-.330	.742
	Do employees bring in new ideas or possible improvements	1.748	.505	.469	3.460	.001
	motivation of work performance	.950	.358	.374	2.653	.009

a Dependent Variable: organization excellence

- i) It has been observed that performance drivers has significant (<.05) impact on organization excellence, which is 17%.
- ii) Freedom of action an executive have within the organization, employees bring in new ideas or possible improvements, motivation of work performance are also significantly contributing towards excellence.

#### **9.4 Training and Development**

A separate HRD-Cell has been established in every organization which looks after training, education and its development. This certainly has improved the various HR functions and man-power development aspects of leadership, participative working in mission mode culture. Values, candour differentiation techniques of people has also been, suggested by Jack Welch (2005) for passionate work culture. These all are in consonance with rapid knowledge creation, collaboration with strategy and building new capabilities for the future, suggested by Great Author, Prahalad (Prahalad et. al 2004). These all are

also very rightly advised by Eli Goldratt in his work Goal (1992), critical chain (2005, Indian Edition) and Abdul Kalam et al. (2005) in their book 'Mission India'.

The HRD–training and development, has taught people customer-focus, co-creation of values, co-creation of experience, experience-environment, experience-learning and Balancing Flexibility and Accountability. Continual-problem solving, flexible experience learning and flexible IT information, are now the back-bone of any organization (Prahalad et al., 2004)

**Table 9.2 (a): Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.337(a)	.113	.092	.33059

a Predictors: (Constant), motivation of work performance, employees standards of performance, Chances of promotion after education

**Table 9.2 (b): Analysis of Variance (ANOVA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.717	3	.572	5.238	.002(a)
	Residual	13.443	123	.109		
	Total	15.160	126			

a Predictors: (Constant), motivation of work performance, employees standards of performance, Chances of promotion after education

b Dependent Variable: performance

**Table 9.2 (c): Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.111	.147		14.360	.000
	Chances of promotion after education employees standards of performance motivation of work performance	.325	.102	.295	3.184	.002
		-.218	.089	-.210	-2.453	.016
		-.104	.125	-.077	-.828	.409

a Dependent Variable: performance

### **Impact of Training & Development on Performance:**

While analyzing it is observed that the impact of training & development on Performance is 11% which is significant at .01 level.

### **9.5 Leadership and Participation**

Leadership and its functioning style play a vital role in creating positive and co-creating shared values as well as adequate motivational efforts which enhances the flexibility aspect in the organizations. Mostly, in organizations the leaders use participative style though this has low flexibility potential. The better and progressive leadership style, encompassing more ingredients of flexibility aspects is delegative, empowerment and decentralization types.

**Table 9.3: Correlations (Leadership <-> Participation)**

		Freedom of action an executive have within the organisation	Willingness to adapt new management techniques	Any Philosophy regarding career planning within the organization	Any System for internal career planning	Oganizational activities	Changeability of unit	Consequence of organizational change
Freedom of action an executive have within the organisation	Pearson Correlation	1	.059	.135	.010	.077	-.037	.043
	Sig. (2-tailed)	.	.508	.131	.916	.390	.678	.632
	N	127	127	127	122	127	127	127
Willingness to adapt new management techniques	Pearson Correlation	.059	1	-.367(**)	.580(**)	.338(**)	.303(**)	-.011
	Sig. (2-tailed)	.508	.	.000	.000	.000	.001	.898
	N	127	127	127	122	127	127	127
Any Philosophy regarding career planning within the organization	Pearson Correlation	.135	-.367(**)	1	-.667(**)	-.324(**)	-.047	-.031
	Sig. (2-tailed)	.131	.000	.	.000	.000	.602	.726
	N	127	127	127	122	127	127	127
Any System for internal career planning	Pearson Correlation	.010	.580(**)	-.667(**)	1	.276(**)	.087	.206(*)
	Sig. (2-tailed)	.916	.000	.000	.	.002	.343	.023
	N	122	122	122	122	122	122	122
Oganizational activities	Pearson Correlation	.077	.338(**)	-.324(**)	.276(**)	1	.097	-.035
	Sig. (2-tailed)	.390	.000	.000	.002	.	.280	.696
	N	127	127	127	122	127	127	127
Changeability of unit	Pearson Correlation	-.037	.303(**)	-.047	.087	.097	1	-.263(**)
	Sig. (2-tailed)	.678	.001	.602	.343	.280	.	.003
	N	127	127	127	122	127	127	127
Consequence of organizational change	Pearson Correlation	.043	-.011	-.031	.206(*)	-.035	-.263(**)	1
	Sig. (2-tailed)	.632	.898	.726	.023	.696	.003	.
	N	127	127	127	122	127	127	127

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

While analyzing **Impact of leadership on participation and vice-versa** it is observed that:

- i) Willingness to adapt new management techniques by employees is co-related with organizational activities.
- ii) Willingness to adapt new management techniques by employees is also co-related with changeability of unit.
- iii) Any philosophy regarding career planning within the organization is co-related with organizational activities.
- iv) Any system for internal career planning is co-related with organizational activities.
- v) Any system for internal career planning is also co-related with consequences of organizational change.

## **9.6 Flexibility and HRM Potential**

Flexibility (and its manifestations) is the single most dominant factor for enhancing effectiveness of an organization. Flexibility, teamwork, continual problem solving constant-searching for process-improvements and collaboration with vendors/suppliers are some vital parameters in a project-oriented labs. Alongwith flexibility, accountability for performance is still a dire necessity (Prahalad et al, 2004). Sacrificing accountability cannot be the price for flexibility, collaboration, and team work. Thus, balancing flexibility and accountability are critical, but it is to be remembered that today's business is not linear-it works and functions more on non-linear fashion.

Simply the modern flexibility norms recommend building a '*new theory of corporate governance*'. Herein, we have to work under formal structure, systemic process protocol and discipline, strategic and flexible operational boundaries of network.

**Table 9.4: Correlations (Interchangeability <-> flexibility/adaptability)**

		Transferability	mobility status of employees	Characterize the relationship between colleagues subordinates	Do employees bring in new ideas or possible improvements
Transferability	Pearson Correlation	1	.376(**)	.089	-.012
	Sig. (2-tailed)	.	.000	.322	.891
	N	127	127	127	127
mobility status of employees	Pearson Correlation	.376(**)	1	.077	-.047
	Sig. (2-tailed)	.000	.	.390	.599
	N	127	127	127	127
Characterize the relationship between colleagues subordinates	Pearson Correlation	.089	.077	1	-.064
	Sig. (2-tailed)	.322	.390	.	.476
	N	127	127	127	127
Do employees bring in new ideas or possible improvements	Pearson Correlation	-.012	-.047	-.064	1
	Sig. (2-tailed)	.891	.599	.476	.
	N	127	127	127	127

\*\* Correlation is significant at the 0.01 level (2-tailed).

While analyzing **the correlation between Interchangeability and flexibility or adaptability** it is observed that no significant co-relation exists between the two.

## 9.7 High Performance Work System

The study focused on the impact of systems viz; Compensation-based strategy system, Personnel, Strategic Alignment system on performance and motivation leading to High Performance Work System

### 9.7.1 Personnel

**Table 9.5 (a): Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.478(a)	.228	.153	16.457

a Predictors: (Constant), workshops and seminars, faculties prompted for research, value based work culture



**Table 9.5 (b): Analysis of Variance (ANOVA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2480.251	3	826.750	3.053	.043(a)
	Residual	8396.035	31	270.840		
	Total	10876.286	34			

a. Predictors: (Constant), workshops and seminars, faculties prompted for research, value based work culture

b. Dependent Variable: Performance score

**Table 9.5 (c): Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	85.714	13.558		6.322	.000
	value based work culture	-5.220	3.299	-.277	-1.582	.124
	faculties prompted for research	-14.089	7.726	-.301	-1.824	.078
	workshops and seminars	-1.953	5.858	-.056	-.333	.741

a. Dependent Variable: Performance score

**While analyzing it has been observed that 20% impact of Personnel is there on motivation and performance**

### 9.7.2 Strategy

**Table 9.6 (a): Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695(a)	.483	.372	14.169

a Predictors: (Constant), status of prevailing communication network among all staff members, association of institute with foreign universities for certification, Institutes philosophy on growth development, enhancement in infrastructure development, institutional advisory committee, accessibility to different publications

**Table 9.6 (b): Analysis of Variance (ANOVA)**

Mode l		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5255.209	6	875.868	4.363	.003(a)
	Residual	5621.077	28	200.753		
	Total	10876.286	34			

a. Predictors: (Constant), status of prevailing communication network among all staff members, association of institute with foreign universities for certification, Institutes philosophy on growth development, enhancement in infrastructure development, institutional advisory committee, accessibility to different publications

b. Dependent Variable: Performance score

**Table 9.6 (c): Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	87.579	19.730		4.439	.000
	Institutes philosophy on growth development	5.218	6.989	.124	.747	.461
	institutional advisory committee	-1.319	7.901	-.031	-.167	.869
	association of institute with foreign universities for certification	.657	8.980	.010	.073	.942
	accessibility to different publications	-17.481	10.015	-.374	-1.746	.092
	enhancement in infrastructure development	-5.140	13.958	-.082	-.368	.715
	status of prevailing communication network among all staff members	-8.570	3.651	-.406	-2.347	.026

a. Dependent Variable: Performance score

While analysis it has been observed that **48% impact of strategy** is there on motivation and performance.

### 9.7.3 Compensation

**Table 9.7 (a): Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.680(a)	.462	.428	13.523

a. Predictors: (Constant), promotion of any scholarships for higher studies of faculty members, promoting faculties to attend seminars at institutes cost

**Table 9.7 (b): ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5024.229	2	2512.114	13.737	.000(a)
	Residual	5852.057	32	182.877		
	Total	10876.286	34			

a. Predictors: (Constant), promotion of any scholarships for higher studies of faculty members, promoting faculties to attend seminars at institutes cost

b. Dependent Variable: Performance score

**Table 9.7 (c): Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	95.375	8.281		11.517	.000
	promoting faculties to attend seminars at institutes cost	-12.102	6.284	-.288	-1.926	.063
	promotion of any scholarships for higher studies of faculty members	-17.273	5.297	-.488	-3.261	.003

a. Dependent Variable: Performance score

**While analysis it has been observed that 46% impact of compensation is there on motivation and performance.**

## 9.7.4 Personnel +Strategy + Compensation

**Table 9.8 (a): Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722(a)	.521	.474	12.968

a. Predictors: (Constant), compensation, personal, strategy

**Table 9.8 (b): Analysis of Variance (ANOVA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5662.733	3	1887.578	11.224	.000(a)
	Residual	5213.552	31	168.179		
	Total	10876.286	34			

a. Predictors: (Constant), compensation, personal, strategy

b. Dependent Variable: Performance score

**Table 9.8 (c): Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	110.769	11.066		10.010	.000
	personal	-2.596	6.269	-.066	-.414	.682
	strategy	-17.036	11.500	-.272	-1.481	.149
	compensation	-21.428	6.966	-.484	-3.076	.004

a. Dependent Variable: Performance score

**While analysis when taken together the impact of Personnel, Strategy and Compensation, 52% impact is there on motivation and performance and where Compensation is significantly contributing.**

## 9.8 Performance Excellence

The whole crux of study is the performance, professionalism and productivity. The various aspects of these determinants have been covered briefly in this section.

It is observed that a person or an organization is guided by its performance and this factor helps in culminating into quality product/service creation. The system should be so geared that the results

are achieved with least hindrances. Discipline of execution, has been propagated by Bossidy, (Bossidy et. al, 2002) and making it happen has been suggested by Hammer (2000) as well.

Today, the technological advancement and IT-enabled services availability and good communications enhance the capability and potential of an organization.

On the Balance Score Card norm (hypothesis, H-1) XQ score brings out leading indicators, which tell about future course of actions, and is rather a single-most dominant factor for High Performance work system (HPWS).

**Table 9.9: Correlations performance<-> motivation**

		Performance of employees appraised	Assessment system	PAS of company	Freedom of action an executive have within the organization	Any Philosophy regarding career planning within the organization	Any System for internal career planning
Performance of employees appraised	Pearson Correlation	1	.075	-.253(**)	-.115	-.246(**)	.405(**)
	Sig. (2-tailed)	.	.404	.004	.198	.005	.000
	N	127	127	127	127	127	122
Assessment system	Pearson Correlation	.075	1	.088	.279(**)	.128	-.117
	Sig. (2-tailed)	.404	.	.324	.001	.152	.198
	N	127	127	127	127	127	122
PAS of company	Pearson Correlation	-.253(**)	.088	1	.011	.166	-.360(**)
	Sig. (2-tailed)	.004	.324	.	.906	.062	.000
	N	127	127	127	127	127	122
Freedom of action an executive have within the organisation	Pearson Correlation	-.115	.279(**)	.011	1	.135	.010
	Sig. (2-tailed)	.198	.001	.906	.	.131	.916
	N	127	127	127	127	127	122
Any Philosophy regarding career planning within the organization	Pearson Correlation	-.246(**)	.128	.166	.135	1	-.667(**)
	Sig. (2-tailed)	.005	.152	.062	.131	.	.000
	N	127	127	127	127	127	122
Any System for internal career planning	Pearson Correlation	.405(**)	-.117	-.360(**)	.010	-.667(**)	1
	Sig. (2-tailed)	.000	.198	.000	.916	.000	.
	N	122	122	122	122	122	122

\*\* Correlation is significant at the 0.01 level (2-tailed).

**From above analysis it can be concluded that motivation is co-related with performance.**

**9.8.1** To carry further the study the impact of motivation on performance is also analyzed by using **multiple regression** taking performance as dependent variable and motivation factors as independent variables results are presented in table below.

**Table 9.10 (a): Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.266(a)	.071	.047	.67884

a. Predictors: (Constant), PAS of company, Assessment system, Performance of employees appraised

**Table 9.10 (b): Analysis of Variance (ANOVA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.131	3	1.377	2.988	.034(a)
	Residual	54.378	118	.461		
	Total	58.508	121			

a Predictors: (Constant), PAS of company, Assessment system, Performance of employees appraised

b Dependent Variable: motivation

**Table 9.10 (c): Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.976	.551		5.402	.000
	Performance of employees appraised	.190	.154	.114	1.232	.220
	Assessment system	-.034	.085	-.036	-.399	.690
	PAS of company	-.355	.156	-.209	-2.268	.025

a Dependent Variable: motivation

While analyzing **the impact of performance on motivation and vice-versa** it is observed that:

- i) Performance of employees appraised is co-related with any philosophy regarding career planning within the organization.

- ii) It has also been observed that performance of employees appraised is positively co-related with any system for internal career planning within the organization.
- iii) The assessment system is co-related with freedom of action an executive have within the organization.
- iv) Performance Appraisal system is co-related with any system for internal career planning within the organization.

## 9.9 Other related issues within the organization leading to effective performance

### 9.9.1 Leadership Style of leading

**Table 9.11: Leadership Style of leading**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of Responses</b>
Task oriented	38	20.4
Instructive	24	12.9
Sedation-oriented	4	2.2
participative	73	39.2
Consultative	23	12.4
Declarative	4	2.2
Combination of one of above	20	10.0
<b>Total responses</b>	<b>186</b>	<b>100.0</b>

While characterizing leadership style of leading the organization it was observed that,

- i) 20% responses were mainly task-oriented,
- ii) 24% responses were of Instructive leadership style where it indicated step by step what employees should do and keep close supervision of the performance,
- iii) 2% responses were of sedation oriented leadership style where leaders mainly collaborated,
- iv) 39% responses were of participative leadership style where leaders made decisions together with the employee, and supported them in the task performance,
- v) 12% responses were of consultative leadership style of leading organization ,

- vi) 2% responses were of declarative leadership style and
- vii) 10% responses were combination of one of above.

The statistical technique applied while analysis is Dichotomy Analysis for multiple responses; specifying the frequency of respondents.

### 9.9.2 Management Techniques

**Table 9.12: Management Techniques**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of responses</b>
Management by objectives	51	37
Management by walking around	01	0.7
Management by strategic objectives	63	45.7
Management by feedback or follow-up	23	16.7
<b>Total responses</b>	<b>138</b>	<b>100.0</b>

While analyzing the best management techniques which describes the wide approach within the organization it has been observed that:

- i) 37% responses agree with Management by objectives whereas,
- ii) Only 0.7% respondents were of the opinion that Management by walking around can be the best management technique,
- iii) 46% responses consider Management by Strategic objectives as the best management technique and lastly,
- iv) 17% responses re of the opinion that Management by feedback or follow-up can be the best Management technique describing the wide approach within the organization.



### 9.9.3 Performance review method

**Table 9.13: Performance review method**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of Responses</b>
Skill improvement	81	39.9
Behavioral	34	16.7
Interpersonal relationship	17	8.4
B to B or B to C	32	15.8
Employees or executive development	39	19.2
<b>Total responses</b>	<b>203</b>	<b>100.0</b>

While analyzing the performance review method used within the organization,

- i) 40% respondents agree with skill improvement method,
- ii) 17% responses are of the opinion that Behavioral method for performance review has to be used,
- iii) Very few respondents figuring to 8% agree with that B to B or B to C method has to be used for performance review within the organization.
- iv) 19% of respondents agree that employees or executive development method for Performance review of employees within the organization has to be brought into practice.

## 9.9.4 Training Schemes

**Table 9.14: Training Schemes**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of Responses</b>
Strategy market and costumes conditions	29	9.9
New technology	73	24.8
Communication, Co-operation etc.	58	19.7
Working environment	32	10.9
Leadership development	40	13.6
Quality management	39	13.3
Environmental demands	18	6.1
Others	5	1.7
<b>Total responses</b>	<b>294</b>	<b>100.0</b>

While analyzing the subjects included in the training schemes dealt with:

- i) 10% respondents specified that strategy market and costumes conditions were included in the training courses.
- ii) 25% responses informed that subjects like new technology were included in the training schemes.
- iii) 20% respondents said that communication, co-operation, etc. were the subjects included in their courses.
- iv) 11% respondents specified that subjects like working environment were included in the training schemes
- v) 14% respondents informed that subjects like leadership development were included in the course.
- vi) 13% respondents said that a subject such as Quality management was included in the training schemes.
- vii) 6% respondents said that subject like Environmental demands were included in the training course and,

- viii) 2% respondents said that subjects other than the specified above were included in the course.

### 9.9.5 Type of Organization

**Table 9.15: Type of Organization**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of Responses</b>
Men oriented	30	20.7
Technology driven	58	40.0
Service driven	57	39.3
<b>Total responses</b>	<b>145</b>	<b>100.0</b>

While analyzing the type of organization it has been observed that:

- i) 21% of the organizations are men-oriented,
- ii) 40% of the organizations are technology driven and,
- iii) 39% of the organizations are service driven.

### 9.9.6 Performance appraisal at individual level

**Table 9.16: Performance appraisal at individual level**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of Responses</b>
Payroll & compensation decision	59	25.9
Training & development needs	33	14.5
Identifying gaps in desired and actual	59	25.9
Deciding future goals and courses in action	37	16.2
Taking decisions regarding promotion, demotions and transfers	40	17.5
<b>Total responses</b>	<b>228</b>	<b>100.0</b>

While analyzing Performance Appraisal at individual level within the organization it has been observed that:

- i) 26% of respondents find Payroll & compensation decision as the most significant reason for using performance appraisal while,
- ii) 15% of respondents agree that training and development need is the most significant reason for using performance appraisal,
- iii) 26% of respondents say that identifying the gaps in desired and actual Performance is the most significant reason for using performance appraisal
- iv) 16% of respondents agree that deciding future goals and courses in action is the most significant reason for using performance appraisal whereas,
- v) 18% of respondents say that taking decisions regarding promotions, demotions and transfers can be the most significant reason for using performance appraisal at individual level within the organization.

### 9.9.7 Rewards/Compensation/Incentives

**Table 9.17: Rewards/Compensation/Incentives**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of Responses</b>
Incentives	49	19.4
Promotions	52	20.6
Gifts	65	25.7
Increase in pay	59	23.3
Awards	18	7.1
Other	10	4.0
<b>Total responses</b>	<b>253</b>	<b>100.0</b>

While analyzing the rewarding system of employees for the best performance it has been observed that:

- i) 19% of organizations give incentives to their employees for the best performance,

- ii) 21% of organizations give promotions to their employees for the best performance,
- iii) 26% of organizations give gifts to their employees for the best performance,
- iv) 23% of organizations increase pay of their employees for the best performance,
- v) 7% of organizations give awards to their employees for the best performance, while,
- vi) 4% of organizations practice other system of rewarding their employees for the best performance,

### 9.9.8 Performance appraisal system for Group/Team

**Table 9.18: Performance appraisal system for Group/Team**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of Responses</b>
Project excellence	79	44.9
Co-ordination	37	21.0
Team work	27	15.3
Duration of project	20	11.4
Other	13	7.4
<b>Total responses</b>	<b>176</b>	<b>100.0</b>

While analyzing the factors considered while appraising the performance of a team it has been observed that:

- i) 45% of the organizations consider project excellence while appraising the performance of a team,
- ii) 21% of the organizations are of the opinion that co-ordination among employees is the significant factor to be considered while appraising the performance of a team,
- iii) 15% of the organizations consider team work while appraising the performance of a team,
- iv) 11% of the organizations take into consideration the duration of project while appraising the performance of a team,
- v) 7% of the organizations consider other factors while appraising the performance of a team.

### 9.9.9 ‘Levers of Control’ for improving productivities

**Table 9.19: ‘Levers of Control’ for improving productivities**

<b>Dichotomy label</b>	<b>Count</b>	<b>% of Responses</b>
Great value to customers	81	38.2
Unique business model	74	34.9
Human values	57	26.9
<b>Total responses</b>	<b>212</b>	<b>100.0</b>

While analyzing the various ‘Levers of Control’ applied within the organization for improving productivities it has been observed that:

- i) 38% of the organizations are service-driven. They give great value to customers. They are of the opinion that customer-satisfaction helps in improving productivities.
- ii) 35% of the organization focus on unique business model for improving productivities within the organization whereas,
- iii) 27% of the organizations concentrate on human-values. They are of the opinion that if employees are motivated and with high morale ultimately the productivity will be improved.

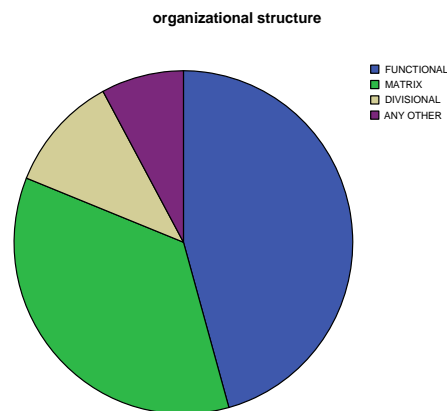
### 9.10 Organizational Structure

It is observed that the basic organizational form can be measured by knowing organization structure, clusters or groupings and levels of hierarchy. According to respondents labs have functional organizational structure. Further, it is supported by majority of respondents, that around 60 per cent agrees that positions are clustered on functional basis. (Refer Table 9.20)

**Table 9.20: Organizational Structure**

	<b>Frequency</b>	<b>Percent</b>
Functional	58	45.7
Matrix	45	35.4
Divisional	14	11.0
Any other	10	7.9
Total	127	100.0

It is observed that the basic organizational form can be measured by knowing organization structure, clusters or groupings and levels of hierarchy. According to respondents organizations have functional organizational structure. Further, it is supported by majority of respondents, that around 46 per cent agrees that positions are clustered on functional basis.



**Fig. 9.1: Organizational Structure**

However, day by day matrix from of structure is increasing as it is observed that '*flexibility potential*' decreases in the case of functional groupings. And, further such a grouping can't respond quickly to any *change*. Product service groupings relatively provide possibility of quick adaptation to any *changes* in the environment/technology. Also, the complex task being performed, by organizations may need use of more than one type of groupings. Functional type however confirms more towards the formulated propositions in the present work.

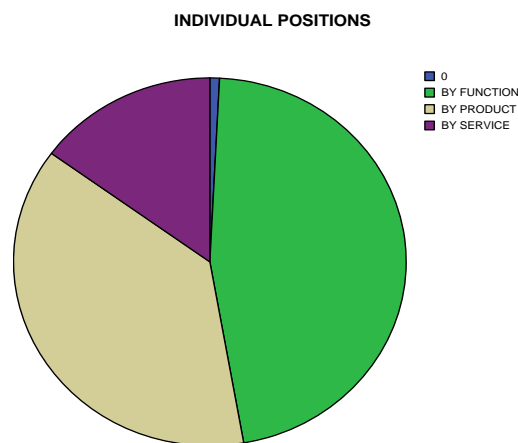
### 9.11 Work-culture within the organization

Values, candour differentiation techniques of people have also been suggested by Jack Welch (2005) for passionate work culture. These all are in consonance with rapid knowledge creation, collaboration with strategy and building new capabilities for the future. (Prahalad et. al 2004).

From Table 9.21, it is observed that within the organization 46.5% individuals are positioned by function, 38% individuals are positioned by product whereas only 15% individuals are positioned by service.

**Table 9.21: Work-culture within the organization**

	Frequency	Percent
By Function	59	46.5
By Product	48	37.8
By Service	19	15.0
Total	127	100.0



**Fig. 9.2: Work-culture within the organization**

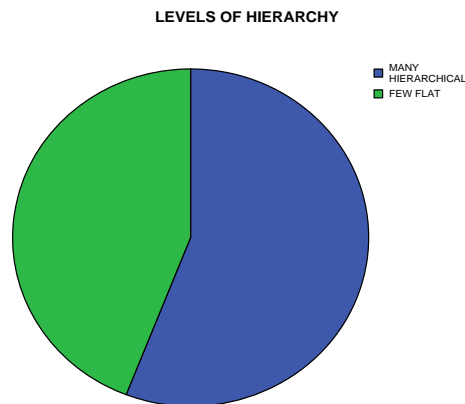


### 9.12 Levels of Hierarchy within the organization

There are 56% of organizations are hierarchical in nature whereas 44% of organizations have few hierarchy.

**Table 9.22: Levels of Hierarchy**

	Frequency	Percent
Many (Hierarchical)	71	55.9
Few (Flat)	56	44.1
Total	127	100.0



**Fig. 9.3: Levels of Hierarchy**

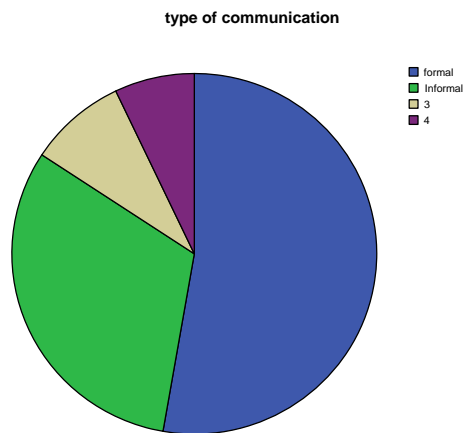
### 9.13 Way of communication

Communication is also most important factor like decision-making for the organizational effectiveness. With the advanced IT enabled services, breakthrough technology and sound financial back-up of organizations, communications internally as well as externally are very stronger in the organizations.

It can be observed that 61% of the organizations work in the formal way of communication whereas 39% of the organizations work in the informal way of communication.

**Table 9.23: Communication**

	<b>Frequency</b>	<b>Percent</b>
Formal	78	61.4
Informal	49	38.6
Total	127	100.0



**Fig. 9.4: Communication**

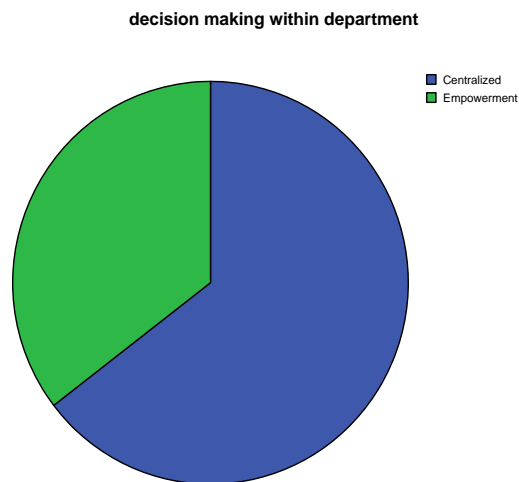
### 9.14 Decision Making Within Department

Probably, the two most dominant factors which help and enhance the organizational potential are *decision-making* and *communications*. Today, very many advanced techniques of decision-making are available. The top-management and the middle level managers must take prompt-decision and also manage time. Some of the techniques of decision-making are brain-storming, Nominal Group Technique (NGT) and linear programming etc. Organizations now accepts project, of shorter terms (2 to 5 years), as longer projects may entail in getting the products at a very late stage (in 10 to 15 years) and the technology may be obsolete by that time. Thus, short-term projects require fast decisions at very critical stages. This will further save time cost overrun situations.

**Table 9.24: Decision Making Within Department**

	Frequency	Percent
Centralized	82	64.6
Empowerment	45	35.4
Total	127	100.0

From Table 9.24, it is observed that 65% of the organizations practice Centralized decision-making process within the department and 35% of the organizations proceed with empowerment process.



**Fig. 9.5: Decision Making Within Department**

### **9.15 The Decision making practice in organization**

From 54% respondents are of the opinion that the Decision making practice in organization is Participative while 46% respondents say that Decision making practice in organization is Exclusive in nature.

**Table 9.25: The Decision making practice in organization**

	<b>Frequency</b>	<b>Percent</b>
Individual decision making (Exclusive)	59	46.5
Consensus decision making (Participation)	68	53.5
Total	127	100.0



**Fig. 9.6: Decision making practice in organization**

Delegation, decentralization, empowerment etc. also are in vogue in the organization and people, work in generally in efficient manner. In this regards, the matrix form of organizational structure help the organizational working.

### **9.16 Consultative bodies within unit**

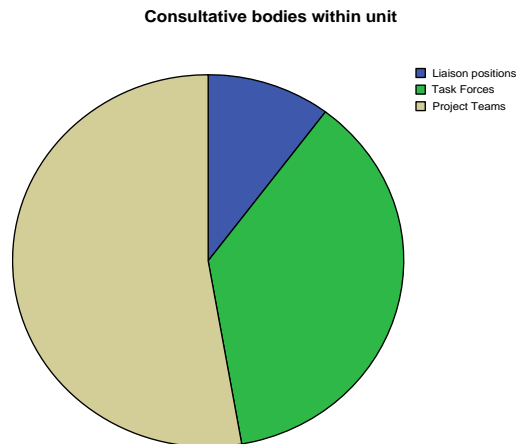
As per Drucker (2002), managing oneself and finding own strength and weakness and performing to maximum are important parameters for work-culture. Values system, co-creation of values, belongingness and experience-learning environment etc. are further corporate governance determinants. Any level of management starts with self-management invariably. Singh (2002) also suggests self management and self-lotussing. In self-lotussing, there is a mode of grooming,

i.e. a person taking responsibility to groom and develop self. Self-lotussing person uses multiple techniques like mind-stilling, self-analysis, reflection seeking feedback and conselling, writing diary etc. Finally, self-lotussing person themselves strive hard and pushes himself towards achieving excellence.

**Table 9.26: Consultative bodies within unit**

	<b>Frequency</b>	<b>Percent</b>
Liaison positions	13	10.2
Task Forces	47	37.0
Project Teams	67	52.8
<b>Total</b>	<b>127</b>	<b>100.0</b>

53% respondents say that Project teams within the organization act as the consultative bodies, 37% respondents are of the opinion that Task Forces act as the consultative bodies whereas a very low i.e. 10% respondents say that Liaison positions are the consultative bodies within the unit.



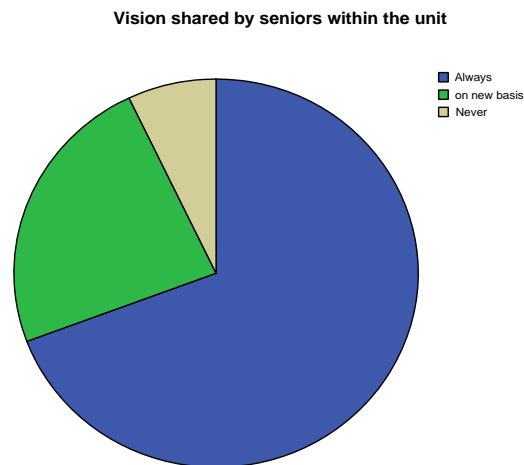
**Fig. 9.7: Consultative bodies within unit**

### 9.17 Vision shared by seniors within the unit

69% of respondents say that the Vision of the organization is shared by seniors with everyone within the unit, 24% of the respondents say that Vision of the organization is shared by seniors when someone newly joins the organization while 7% responds that Vision of the organization is never shared by seniors within the unit.

**Table 9.27: Vision shared by seniors within the unit**

	Frequency	Percent
Always	88	69.3
on new basis	30	23.6
Never	9	7.1
Total	127	100.0



**Fig. 9.8: Vision shared by seniors within the unit**

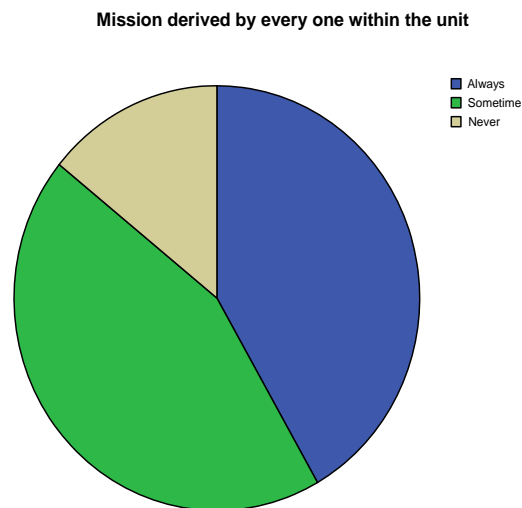
### 9.18 Mission derived by everyone within the unit

From Table:9.28, it is observed that 44% of the respondents say that the Mission is sometimes derived by everyone within the unit, 42% of the respondents are of the opinion that Mission is

always derived by everyone within the unit while 14% of the respondents say that the Mission is never derived by everyone within the unit.

**Table 9.28: Mission derived by everyone within the unit**

	Frequency	Percent
Always	53	41.7
Sometime	56	44.1
Never	18	14.2
Total	127	100.0



**Fig. 9.9: Mission derived by everyone within the unit**

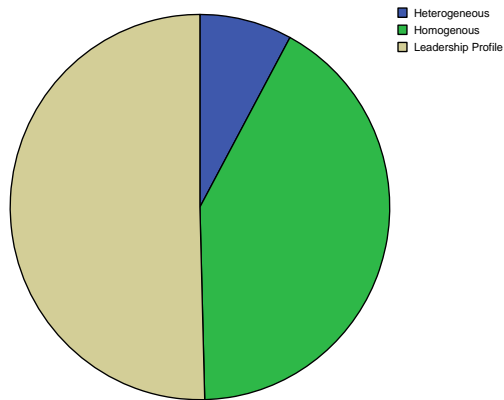
**9.19 Different images or ideas about the mission within the unit**

It has been observed that 50% of the respondents are of the opinion that there is a Leadership image of the organization within the unit, 42% of the respondents say that there is a Homogenous image of the organization while only 8% of the respondents that there is a Heterogeneous image of the organization within the unit.

**Table 9.29: Different images or ideas about the mission within the unit**

	<b>Frequency</b>	<b>Percent</b>
Heterogeneous	10	7.9
Homogenous	53	41.7
Leadership Profile	64	50.4
Total	127	100.0

**Different images or ideas about the mission within the unit**



**Fig. 9.10: Different images or ideas about the mission within the unit**

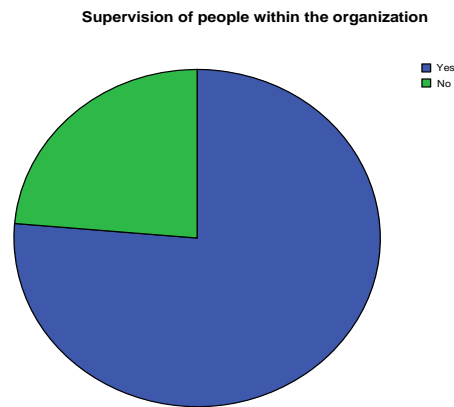
### **9.20 Supervision of people within the organization**

From Table 9.30, it is observed that 76% of individuals positively supervise people within the organization while 24% of individuals say that they do not supervise people within the organization.



**Table 9.30: Supervision of people within the organization**

	Frequency	Percent
Yes	97	76.4
No	30	23.6
Total	127	100.0



**Fig. 9.11: Supervision of people within the organization**

## 9.21 Differentiation and Organizational Capabilities

People differentiation covers personnel training, career planning and their related aspects. These are given as under:

### 9.21.1 Training and Development

A separate HRD-Cell has been established in every organization which looks after entire training, education and its development. This certainly has improved the various HR functions and manpower development aspects of leadership, participative working in mission mode culture. Values, candor differentiation techniques of people has also been, suggested by Jack Welch (2005) for passionate work culture. These all are in consonance with rapid knowledge creation, collaboration with strategy and building new capabilities for the future, suggested by Great Author, Prahalad (Pralhad et. al 2004). These all are also very rightly advised by Eli Goldratt in his work Goal

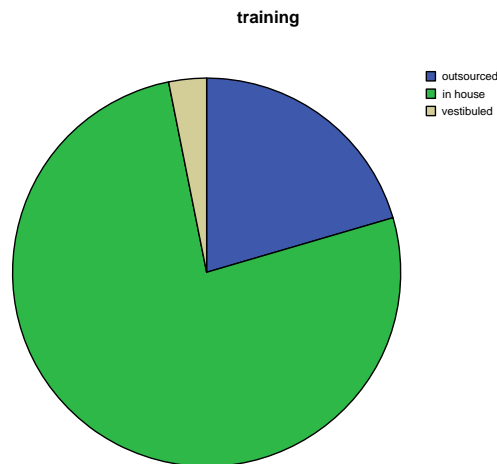
(1992), critical chain (2005, Indian Edition) and Abdul Kalam et al. (2005) in their book 'Mission India'.

The HRD–training and development, has taught people customer-focus, co-creation of values, co-creation of experience, experience-environment, experience-learning and Balancing Flexibility and Accountability. Continual-problem solving and flexible experience learning, is now the back-bone of any organization (Prahalad et al., 2004).

**Table 9.31: Training and development**

	Frequency	Percent
Outsourced	26	20.5
in house	97	76.4
Vestibule	4	3.1
Total	127	100.0

Majority of employees, around 76 per cent responded positively to use internal training by organizations. More than 20 per cent of the respondents are of the view that external training courses are highly effective and about 3 per cent show great willingness to take Vestibule training (Ref. Table 9.31).



**Fig.9.12: Training and development**

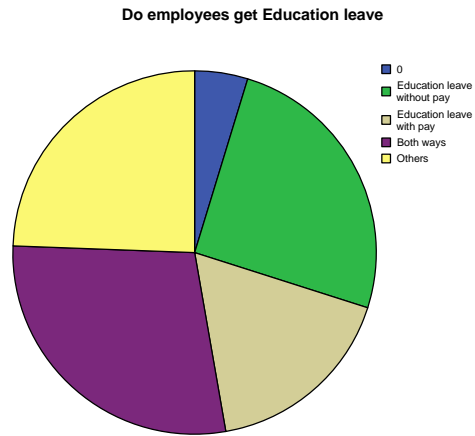
### 9.21.2 Education & Career planning

Career planning is one of the most important tasks of the HRD cells which have been established in organizations. Employees work and look for future prospects. Around 28 per cent of the respondents agree that organizations have some system of internal career planning as shown in the Table below. Organization's HRM/HRD policy can look into this aspect for improvement in terms of bringing transparency in career prospects and their active participation in various activities for improving the existing system.

**Table 9.32: Education Leave**

	<b>Frequency</b>	<b>Percent</b>
Education leave without pay	32	25.2
Education leave with pay	22	17.3
Both ways	36	28.3
Others	31	24.4
Total	127	100.0

Nearly 25 per cent respondents feel that there is education leave without pay whereas 17 per cent respondents are of the view that they get education leave with pay. Thus it is observed that proper training, education and development enhances the flexible potential for individual co-creation of experience learning and other HR determinants.



**Fig.9.13: Education Leave**

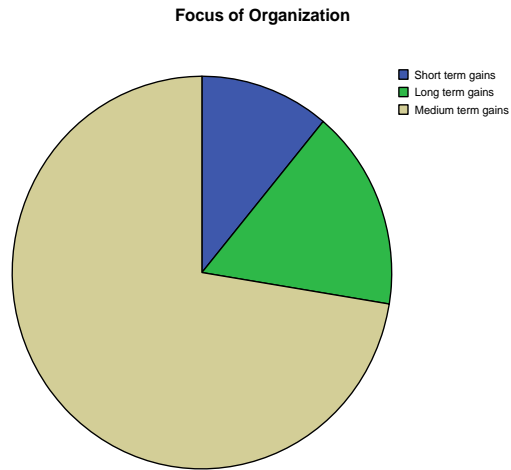
### 9.21.3 Focus of Organization

Working on focused way and with passionate work-culture enhances flexibility with optimum timeframe. It is very encouraging that a committed work-culture overall in organizations is evolving presently.

**Table 9.33: Focus of Organization**

	<b>Frequency</b>	<b>Percent</b>
Short term gains	14	11.0
Long term gains	21	16.5
Medium term gains	92	72.4
Total	127	100.0

It is observed that organizations primary focus is Medium-term gains as indicated by 72% per cent responses for this option. Working on focused way and with passionate work-culture enhances flexibility with optimum timeframe. It is very encouraging that a committed work-culture overall in the organization is evolving presently.



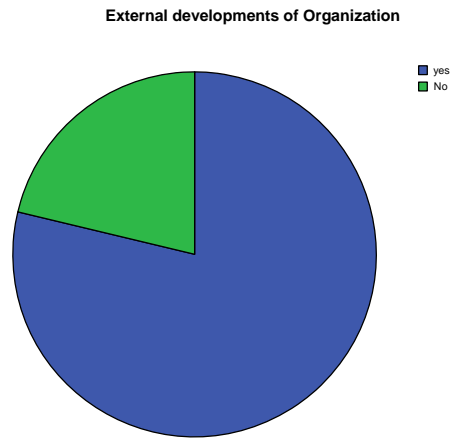
**Fig.9.14: Focus of Organization**

#### 9.21.4 Organization sensitiveness towards external developments

As is evident from the responses nearly 79 per cent of the respondents are of the view that their organization is sensitive towards external developments. Rests were of somewhat different opinion.

**Table 9.34: Organization sensitiveness towards external developments**

	<b>Frequency</b>	<b>Percent</b>
Yes	100	78.7
No	27	21.3
Total	127	100.0



**Fig.9.15: Organization sensitiveness towards external developments**

### 9.21.5 External climate under which organization function can be characterized

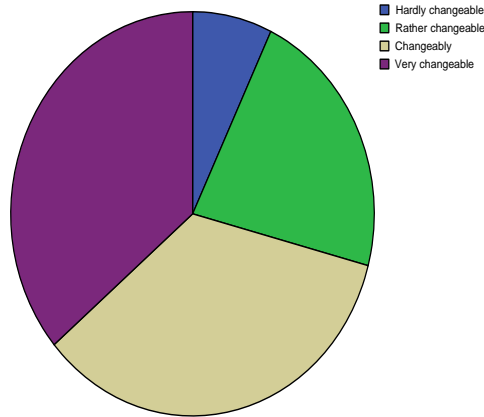
The response to the effect of external climate under which organizations functions is given below:

**Table 9.35: External climate under which organization function can be characterized**

	Frequency	Percent
Hardly changeable	9	7.1
Rather changeable	28	22.0
Changeably	44	34.6
Very changeable	46	36.2
Total	127	100.0

Herein, from the questionnaire it is found that majority of the employees feel that organization is sensitive to external development 36 per cent of respondents feel that organization is very changeable, 35 per cent of the employees reckon it as changeable while 22 per cent of the employees are rather changeable to the external climate under which organization function can be characterized.

External climate under which organisation function can be characterised



**Fig.9.16: External climate under which organization function can be characterized**

### 9.21.6 Type of performance appraisal system

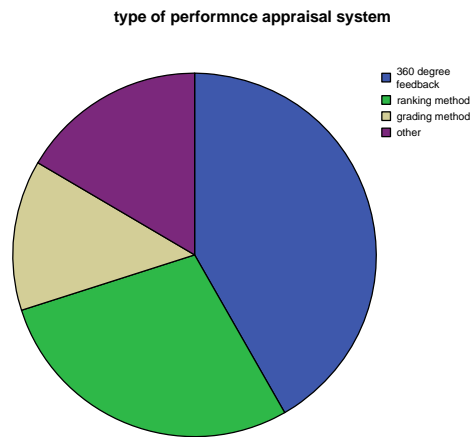
The feedbacks from majority of the respondents (42 per cent) agree to the fact that there exists a 360 degree feedback performance appraisal system. More than 28 per cent of the respondents are of the view that ranking method of performance appraisal system whereas Rests were of somewhat different opinion.

**Table 9.36: Type of performance appraisal system**

	Frequency	Percent
360 degree feedback	53	41.7
ranking method	36	28.3
grading method	17	13.4
Other	21	16.5
Total	127	100.0

It is observed that a person or an organization is guided by its performance and this factor helps in culminating into quality product/service creation. The system should be so geared that the results are achieved with least hindrances.

Some awards/incentives must be attached to good performance for enhancing the motivational level and giving an upshot to the work-culture of organizations.



**Fig.9.17: Type of performance appraisal system**

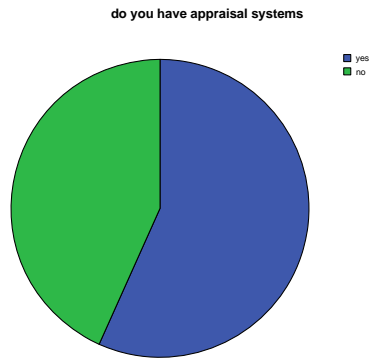
### 9.21.7 Self appraisal systems

From the table: it is observed that nearly 57 per cent of the respondents are of the view that their organization has a self appraisal system for evaluating the performance. Rests were of somewhat different opinion.

**Table 9.37: Self appraisal systems**

	Frequency	Percent
Yes	72	56.7
No	55	43.3
Total	127	100.0





**Fig.9.18: Self appraisal systems**

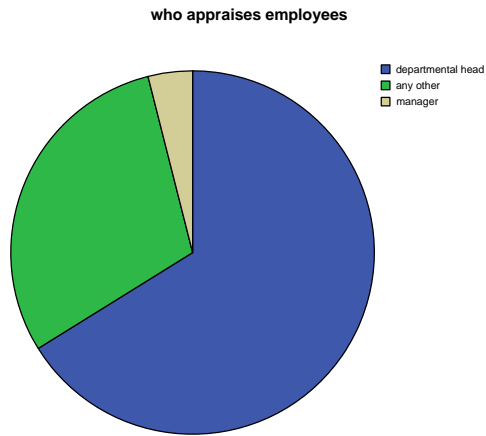
### 9.21.8 Employees' appraisal

The HRM/HRD focus in organizations, many incentives, , project awards, overall establishment awards and other forms of compensation management have improved the products/services quality and also the work-culture environment has suggested by dynamic Jack Welch, (2004) HR functions and performance determinants for improving work-culture.

**Table 9.38: Employees' appraisal**

	Frequency	Percent
departmental head	84	66.1
any other	38	29.9
Manager	5	3.9
Total	127	100.0

Nearly 66 per cent of the respondents are of the view that Departmental head appraises the employees, whereas 4 per cent of the respondents are of the view that Manager appraises the employees. 30 per cent were of somewhat different opinion.



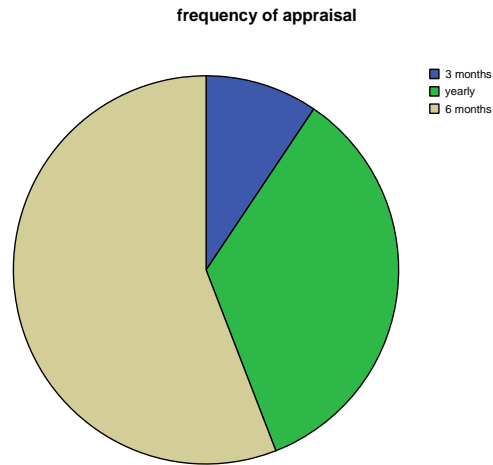
**Fig.9.19: Employees' appraisal**

**9.21.9 Frequency of employee's appraisal**

As is evident from the responses, 56 per cent of the respondents are of the view that employees are appraised half yearly(6 months) , 35 per cent say that employees are appraised yearly while 9 per cent are of the opinion that employees are appraised at a period of 3 months.

**Table 9.39: Frequency of employee's appraisal**

	<b>Frequency</b>	<b>Percent</b>
3 months	12	9.4
Yearly	44	34.6
6 months	71	55.9
Total	127	100.0



**Fig.9.20: Frequency of employee's appraisal**

#### 9.21.10 Communication of objectives to employees

As observed earlier, communication is also most important factor like decision-making for the organizational effectiveness. With the advanced IT enabled services, breakthrough technology and sound financial back-up of organizations, communications internally as well as externally is very stronger in the business establishments.

**Table 9.40: Communication of objectives to employees**

	Frequency	Percent
Immediate boss	87	68.5
Manager	25	19.5
HR dept	15	12.0
Total	127	100.0

It can be observed from the respondent's feedback 69 per cent are of the view that that objectives and expectations are communicated to employees by the immediate boss, 19 per cent are of the view that that objectives and expectations are communicated to employees by the Manager whereas 12 per cent are of the view that that objectives and expectations are communicated to employees by the HR dept.

### 9.21.11 Performance Appraisal system for Team

The feedbacks from majority of the respondents (69 per cent) agree to the fact that there exists a performance assessment system and the appraisal for a team is carried out by the project manager / team leader. Rests were of somewhat different opinion.

**Table 9.41: Performance Appraisal system for Team**

	Frequency	Percent
project manager/team leader	88	69.3
Peers	11	8.7
project development managers	10	7.9
0.0Other	18	14.2
Total	127	100.0

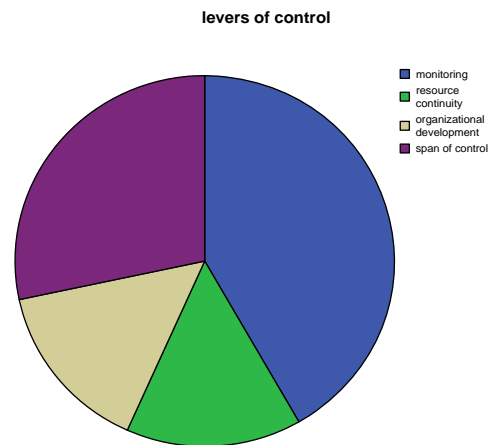
### 9.21.12 Levers of control for improving productivities

The various levers of control of strategic organizations are Belief System, Boundary System, Diagnostic System, and Interactive System.

**Table 9.42: Levers of control for improving productivities**

	Frequency	Percent
Monitoring	53	41.7
resource continuity	19	15.0
organizational development	19	15.0
span of control	36	28.3
Total	127	100.0

As is evident from the responses, 42 per cent of the respondents are of the view that Monitoring (Periodic of Projects / resources) can improve productivity, 28 per cent say that Span of control can improve productivity whereas rest of 15 percent each of resource continuity and organizational development are of the opinion can improve productivity.



**Fig.9.21: Levers of control for improving productivities**

Aligning ‘Span of attention’ is the domain of activities that are within a manager’s framework and field of view the four types of critical performance variables are:

- Span of Control
- Span of accountability
- Span of influence
- Span of support

### **9.21.13 Resolution of complaint**

Today, the customers or consumers’ role in co-creating values distinctly make them part of the organizations. In this regards strategic and operational boundaries now redefine the firms. The nodal organization with its extended network is an operational and strategic entity,

subject to constant re-evaluation and redefinition. The supplier and firm relationships are flexible, and the boundaries of the network are also '*flexible and evolving*' work-culture based

**Table 9.43: Resolution of complaint**

	<b>Frequency</b>	<b>Percent</b>
HOD	52	40.9
Immediate boss	75	59.1
Total	127	100.0

Nearly 59 per cent of the respondents are of the view that any complaint from the appraise regarding performance review is resolved by immediate boss whereas 41 per cent were of somewhat different opinion that any complaint from the appraise regarding performance review is resolved by HOD.

Finally, self-lotussing person themselves strive hard and pushes himself towards achieving excellence.

**9.21.14 Summary of all the emerging parameters have been tabulated in Table 9.45**

**Table 9.44: Summary of Empirical Study**

<b>Sr. No.</b>	<b>Item: Description</b>	<b>Ratings of Respondents (%)</b>
1.	Medium-term focus planning	72%
2.	Decision Making Within Department (Centralized)	65%
3.	Cultural acceptance of change	36%
4.	Belongingness to organizations	69%
5.	Participative activity-Planning and control	76%

6.	Decentralize decision-making	46%
7.	Career planning exists	28%
8.	Continuous development of new skills	42%
9.	Management attitude (Resolution of complaint)	59%
10.	Planning attitude (project manager)	69%
11.	Participative type leadership style	53%
12.	Decision-making through consensus	54%
13.	Training, development and education	76%
14.	Mission derived by every one within the unit	44%
15.	Consultative bodies within unit	53%
16.	Time-management	53%
17.	Flexibility in HRM	70%
18.	Vision shared by seniors within the unit	69%
19.	Technology-oriented	46%
20.	Product-driven	38%
21.	Coordination of activities/sub-activities sub-activities	63%
22.	Communication of objectives to employees	68%
23.	Communications, strong	61%
24.	Performance assessment system (360 degree feedback)	42%
25.	Organizational structure: (a) Functional	46%
	(b) Divisional	11%
	(c) Matrix	35%

26.	Communication of objectives to employees	68%
27.	Frequency of employee's appraisal	56%
28.	Self appraisal systems	57%
29.	External climate under which organization function	36%
30.	Organization sensitiveness towards external developments	78%
31.	Levers of control for improving productivities	42%



## Chapter 10

### Synthesis and Discussion of the Results

#### 10.1 Introduction

In the present chapter, a holistic approach of the above synthesis has been presented logically and a recommended framework has been suggested for ushering in organizational excellence. The work leads into the drivers of high-performance of the organizations and provides a framework to build strategies for human capital growth. As is observed, the human capital is the foundation of value creation; it is the very genesis of HR core competencies which lay the groundwork for an organization, which is also based on the promise of measurement systems.

Our basic problem has been about linking people, strategy and the people's performance. And, the biggest and vital question of Balanced Score Card (BSC) is: how best to integrate HR's role into an organization's measurement of business performance. Finally, the most-important goals for adopting the two hypothesis and management framework is to promote the growth of individual and organizational capabilities. In all this, there are primarily three HR performance drivers for strategy implementation: employee strategic focus, HR strategic alignment, and effective knowledge management.

The crux of the HPWP (High Performance Work Practice) measures is the central foundation for building HR into strategic asset. A HPWS maximizes the performance of the organization's employees. Thus, the bottom-line emphasis should be for HPWP:

- (a) HR system alignment
- (b) HR deliverables
- (c) HR efficiency

All the above ingredients bring down the cost of a product /service by co-creating values in the organizations by:

- (i) Reducing cycle time
- (ii) Controlling processes- reducing technology delivery time
- (iii) Reducing overheads, and
- (iv) Down-sizing (multi-skilling etc.)

## 10.2 Synthesis of the Studies

Herein, a final synthesis of all the ingredients under two hypotheses has been attempted and a relationship among them has been tried out to establish as a measure of performance.

### (a) **Balanced Score Card Hypothesis (H-1)**

*“The dynamic organizations work on ‘Balanced Scorecard’ principles to identify key HR performance drivers for achieving organizational excellence”.*

The main points under this proposition are:

- High performance work system HPWS and high professionalism has been observed.
- Talented human capital–intake and richly varied technological upshot is considered a step forward towards HPWS.
- Management attitude customer focus and focused performance are certainly very strong HR performance drivers.
- Customer satisfaction and customer loyalty is visible.
- Communication is strong in organizations.
- High performance and professionalism strategically aligned to the organization imparts value-creation to the organizations.
- Employees are a source of value-creation to the organizations
- Customer focus and co-creation of values with organizations and customers are the main strength in some of the finding.
- HR performance drivers have done substantial value-creation in the organizations.

Herein, HR performance drivers are customer loyalty, customer or employee satisfaction or even employee productivity. The outcome of the HR architecture serves actually organization’s strategy. Some salient points from the present study are:

- Customer focus on medium-term basis (72 per cent) found based on responses.
- About 53per cent people participate in planning and control of the activities, which is considered one significant performance HR drivers.
- 39 per cent of participative and committed leadership drives may be counted as positive finding.
- Majority of personnel agree for internal T&D programmes, which may be reckoned towards learning and growth.

(b) **Six Sigma Hypothesis (H-2)**

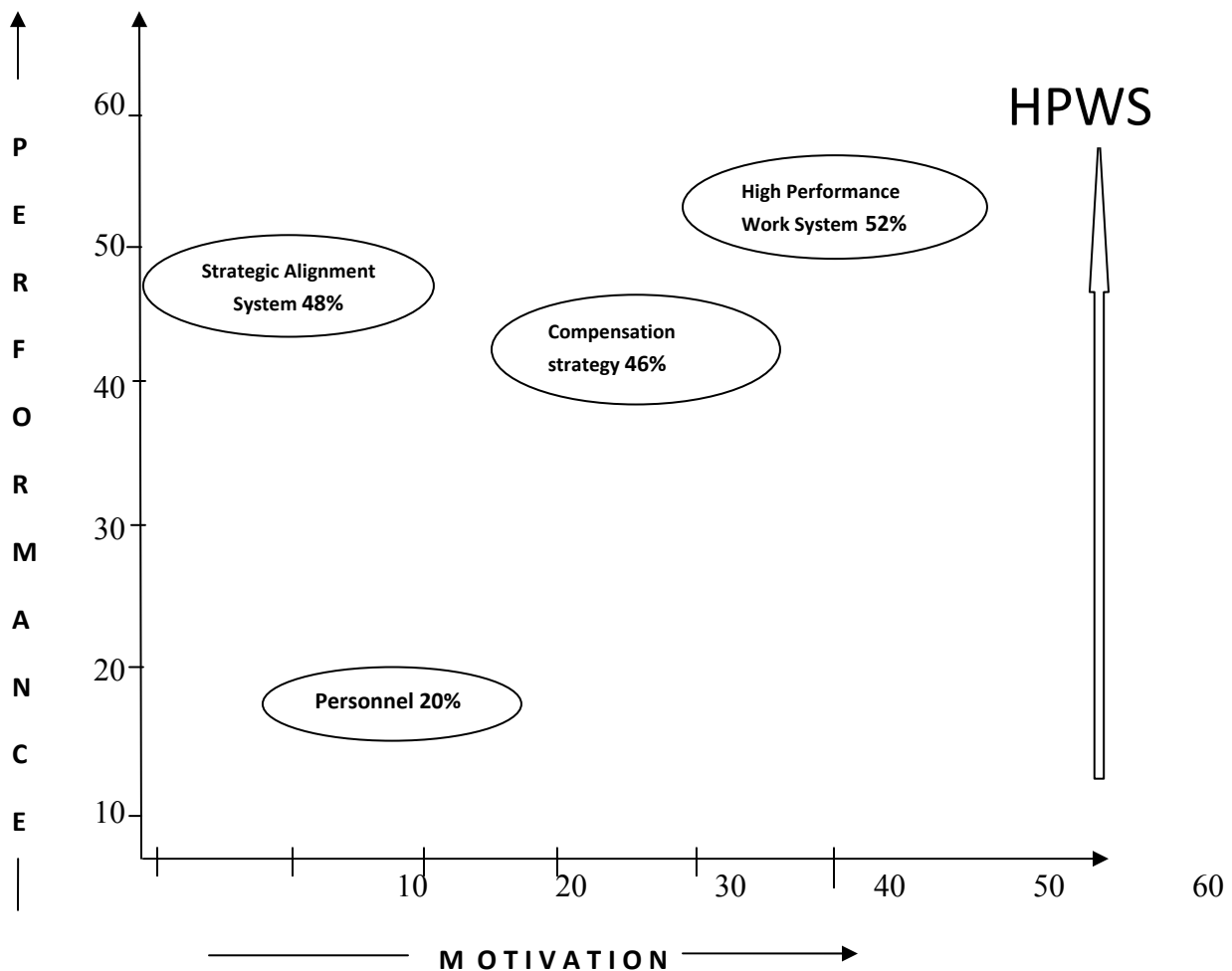
*“The dynamic organizations follow an attitude of “cultural acceptance of change” for achieving higher performance”.*

The main points under this proposition are:

- Acceptance of change from 72 per cent to 76 per cent (highest) (E= QxA) is quite visible.
- Six sigma leadership style is visible.
- With newer technology and better time management (76 per cent) leads to customer satisfaction.
- More creative and qualitative ideas have been suggested.

**10.3 High Performance Work System (HPWS) model: Typology of Institutional Performance Drivers.**

The study focused on the impact of systems viz; Compensation-based strategy system, Personnel, Strategic Alignment system on performance and motivation leading to High Performance Work System.



**Fig.10.1: Typology of Institutional Performance Drivers**

**While analyzing the impact of motivation on performance applying Strategic Alignment system, Personnel strategy & compensation strategy it has been observed that:**

1. Institutes pursuing a High Performance Work System had 52% impact of motivation on performance and where Compensation is significantly contributing.
2. Institutes using only the compensation based system had a 46% impact of motivation on performance.
3. Institutes using the Personnel system had only 20% impact on motivation and performance. Such organizations work in a traditional way and appear to make no efforts in motivating employees and improvement in performance level.

**High Performance Work Systems (HPWS):** Institutes in this group score well above average on both the Performance and motivational dimensions.

**Compensation-Based Systems:** Institutes in this group score above average on the motivational dimension but below average performance aspect. We refer to this group as Compensation- Based because the only reason they score well on the motivational dimension is this very high ratings in the compensation dimensions.

**Strategic Alignment Systems:** These are an unusual set of institutes. They are slightly above average on Performance aspect, but they score among the lowest on the motivational dimension. These institutes approach strategically from top down but don't finish the job. Individuals have never made an investment in the infrastructure of a HPWS.

**Personnel Strategies:** These institutes are characterized by scores that are well below average on both the Performance aspect and motivational dimension. Such institutes approach their individual systems in a very traditional way and appear to make no effort to exploit individuals as a strategic asset.

An institute pursuing a High-Performance strategy had a 52% higher market value than an institute using either the Personnel or strategic Alignment strategy. Institutes using only the compensation strategy had a 46% higher market value than similar institute's using the Personnel strategy. There was no statistically significant difference between the experience of institutes using the strategic alignment strategy & Personnel strategies.

**Emergent Outcome:** It has been observed by the case study that performance substantially increases with dynamic planning of strategy and motivational compensation system.

**10.4 Holistic Engagement Score (HES) model: HR performance drivers for achieving organizational excellence.**

**Holistic Engagement Score (HES):** Engagement is about creating an inclusive and high energy environment, where all employees are aligned to contribute to Business success. An engaged workforce delivers a competitive advantage to the Business. Engagement is the state of emotional and intellectual commitment to an organization. Only the jobs that engage the hands, mind, heart and spirit of an employee are truly holistically engaging and thus inherently motivating the employees.

Holistic Engagement Score (HES) - 1to 10 score.

**Methodology:** In table 10.1, the components and related factors for evaluation of HES is described:

**Table 10.1: Details of Components and Related Factors**

<b><u>Components</u></b>	<b><u>Related Factors</u></b>
Hands:-The job requires significant manual dexterity.	10 Factors
Mind: - The job’s cognitively challenging.	40 Factors
Heart:- The job incites passionate individual efforts	20 Factors
Spirit:- The job is clearly connected to a higher organizational or social factor	30 Factors

**Formula for calculating Holistic Engagement Score (HES):**

$$\text{HES} = (\text{Hand score} \cdot .1) + (\text{Mind Score} \cdot .4) + (\text{Heart} \cdot .2) + (\text{Spirit Score} \cdot .3)$$

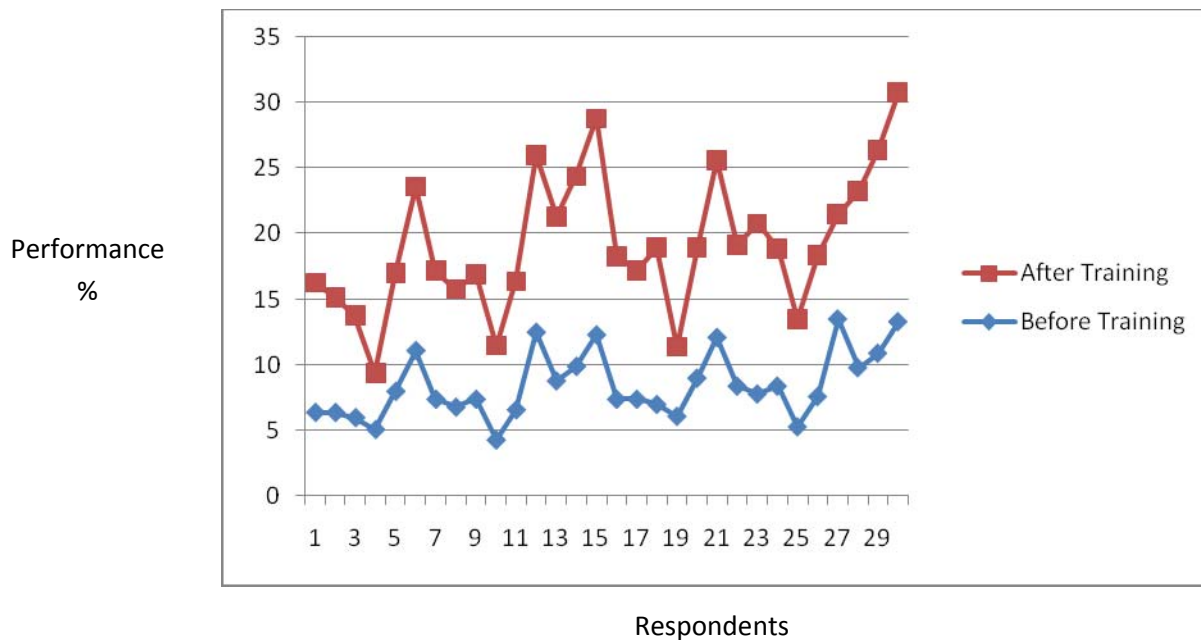
On the pattern of Manhattan Project, study was made on Educational Institutions in Pune region.

30 respondents were taken into consideration. Their performance evaluation before training and after training was taken by filling up the format given. This has been summarized below (refer Table10.2).

**Table 10.2: The subjects' performance listed before and after training**

<b>Sr.No</b>	<b>Before Training</b>	<b>After Training</b>	<b>Performance (%)</b>
1	6.4	9.9	3.5
2	6.4	8.8	2.4
3	6	7.8	1.8
4	5.1	4.3	-0.8
5	8	9	1
6	11.1	12.5	1.4
7	7.4	9.8	2.4
8	6.8	9	2.2
9	7.4	9.5	2.1
10	4.3	7.2	2.9
11	6.6	9.8	3.2
12	12.5	13.5	1
13	8.8	12.5	3.7
14	9.9	14.5	4.6
15	12.3	16.5	4.2
16	7.4	10.9	3.5
17	7.4	9.8	2.4
18	7	12	5
19	6.1	5.3	-0.8
20	9	10	1
21	12.1	13.5	1.4
22	8.4	10.8	2.4
23	7.8	13	5.2

24	8.4	10.5	2.1
25	5.3	8.2	2.9
26	7.6	10.8	3.2
27	13.5	8	-5.5
28	9.8	13.5	3.7
29	10.9	15.5	4.6
30	13.3	17.5	4.2



**Fig.10.2: Details of personnel before and after training (The above results of subjects Table 10.2 have been represented in graphical form)**

**One sample t-test technique applied to the above test for the before training and after training performance**

As performance of individuals is taken into consideration before training and after training, the sample group is same therefore one sample t-test can be applied and results are presented in table 10.3 and table 10.4

**Table10.3: One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
After Training	30	10.307	3.1029	.8012

**Table 10.4: One-Sample Test**

	Test Value = 8.5					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
After Training	2.255	14	.041	1.8067	.088	3.525

The value of two tail significance is less than .05 ( $p < .05$ ) in the above table no 2 it is .041, then the difference between the means is significant.

The above output indicates that there is a **significant difference in the performance of individuals after training**, the after training performance has been increased,  $t(14) = 2.225$  ( $p < .05$ ).

**Critical Evaluation:** It is clearly evident from above that the performance of subjects (personnel) have enhanced after the training. Thus, it is observed that motivational and a leadership effect imparts an upshot in the performance of the personnel, thereby improving throughput of the organizations.

The lead firms recognize that there is competition for talent and the talent pool requires four distinct tasks:

- (a) Increase the number of skilled people.
- (b) Challenge the industry norms about the way work is done.
- (c) Create an excitement around your firm and your skill needs.
- (d) Disaggregate work and deskill it so the, people with little formal education can do it.

All the above strategies are being followed by the leading edge firm.

### **Emerging Framework Models**

From the present overall study and from the insights of the organizational dynamics-working, few suggested work-culture models have been emerged out for improving throughput and finally helping achieving organization for “*Organizational Excellence*”. Herein, two models are suggested as under:



- Emotional Quality Management(EQM): Based on Power of Full Engagement and EQ Manifestations, and
- Performance linkage model of total organizational excellence.

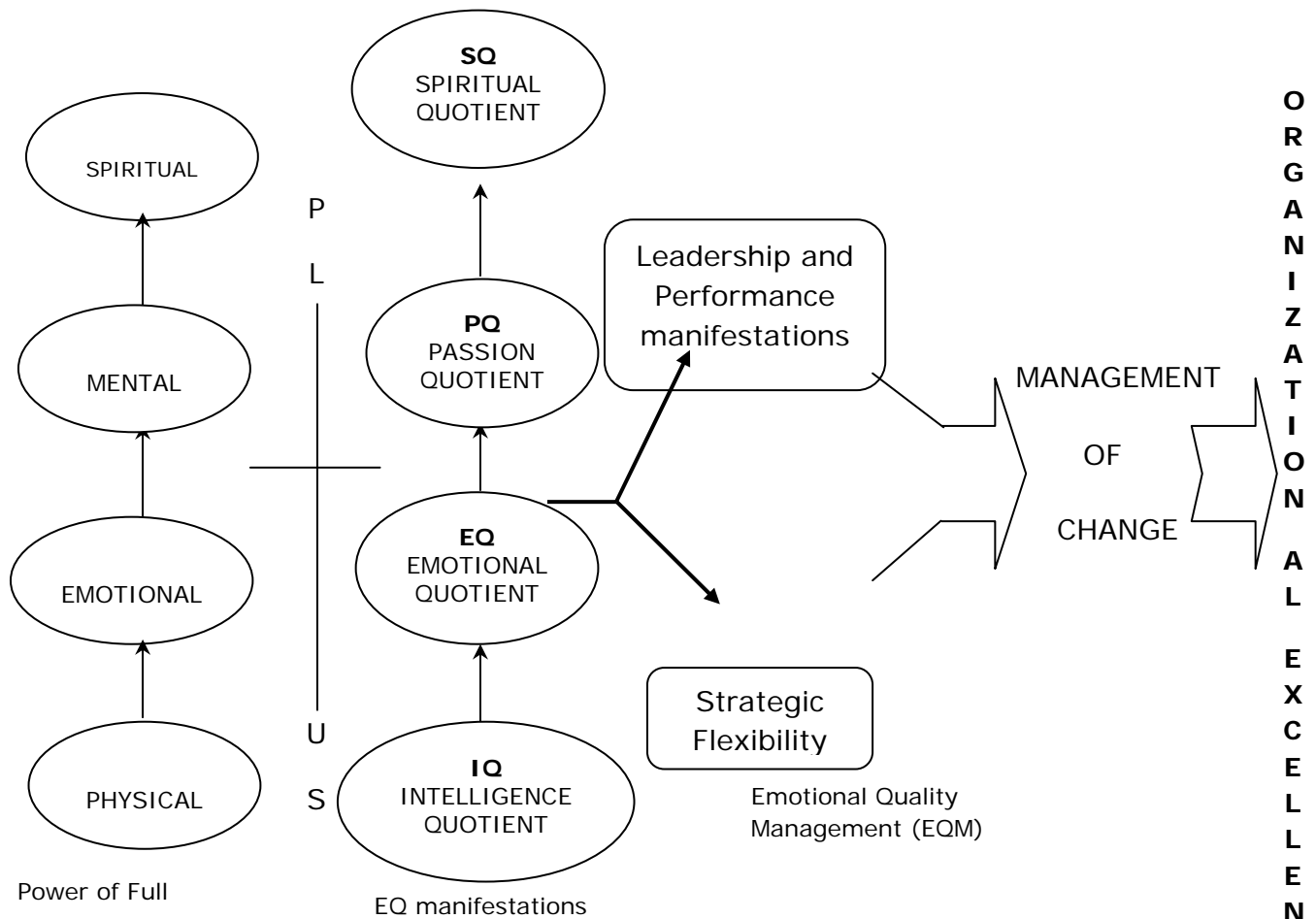
Both the above two emerging models have been briefly described in the succeeding paragraphs. Their fundamental concepts, already have been covered and discussed in the chapters two, three, four and five.

Six-sigma leadership dimensions: level of attention, charisma challenging the status quo, and exemplary leadership imparts this differentiation working system a desired upshot for accomplishing the organizational excellence.

### **10.5 Performance Model: Power of Full Engagement and EQ Manifestations**

In Chapter four, various manifestations of intelligence and emotional quotients (EQ) based on Goleman (1998), Covey (2004), Pathak (2002) have been discussed. As an outcome of the study, a Emotional Quality Management (EQM) model is suggested (refer Figure 10.3) which harnesses a synergetic work culture into an amazingly powerful '*Organizational Excellence*' work culture.'

Once the 'power of full engagement' and 'EQ Manifestations' are combined with *EQM* (*Emotional Quality Management*) and 'smart-design culture' and '*Evolvability*', it gets further upshot with experience-centric HR performance drivers into achieving dominant competitive advantages leading a firm to '*organizational excellence*'. The proposed model has been depicted in Figure 10.3



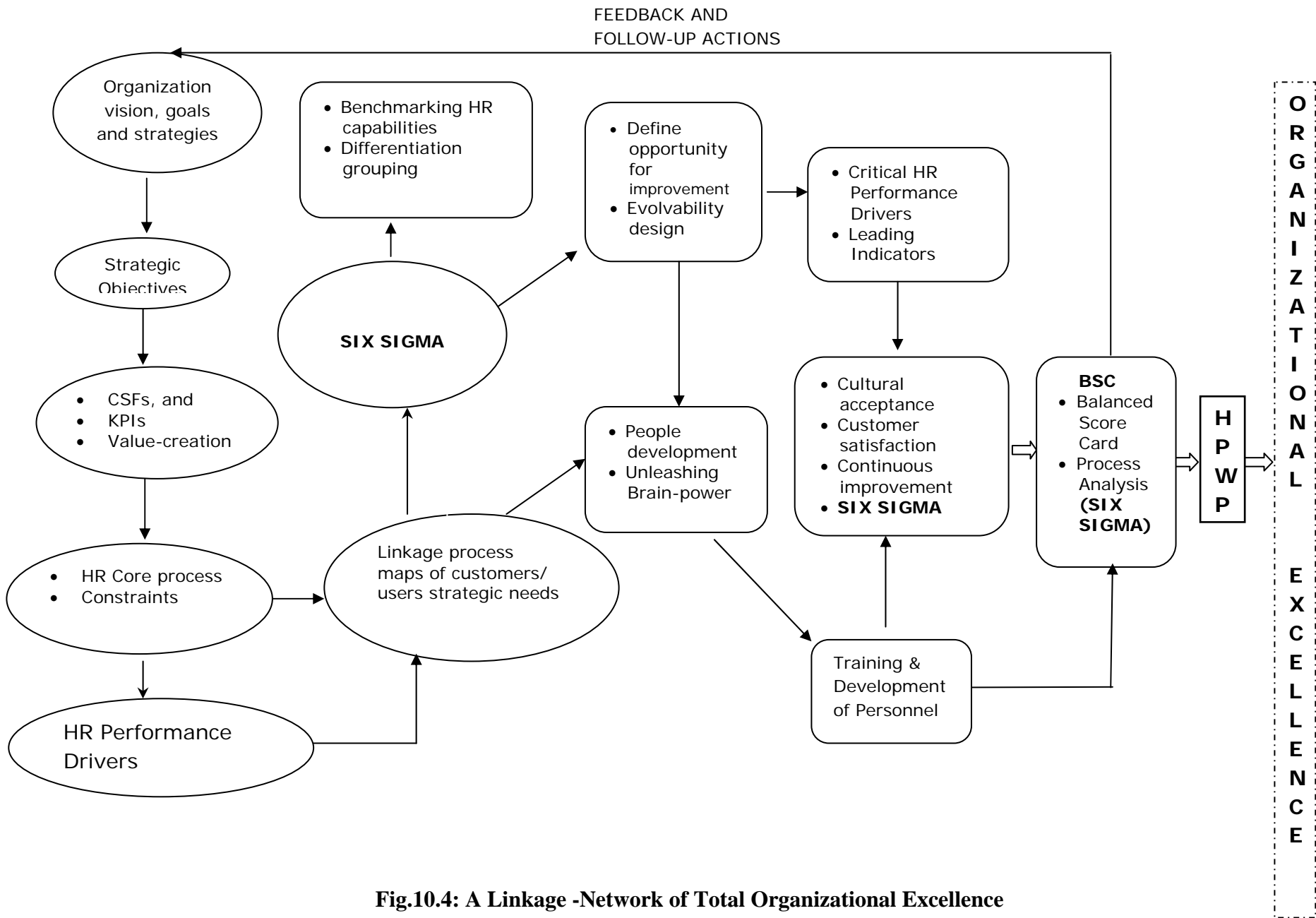
**Fig.10.3: Strategic Harnessing of EQ, SQ-Performance model (Combining Power of Full Engagement and EQ Manifestations)**

### 10.6 Total Organizational Excellence Model

Throughput, the entire work and its further development, it has been understood that the three main ingredients—rather thrust points—which are the common constant factors for any organization are: leadership (rather six sigma type); strong communication; and decision-making. These parameters should be inherent, inbuilt and incessant in any organization.

It will be observed herein, that, the total organizational excellence model, primarily deals with people, strategy and their performance and links their interconnected vital activities (which are rather critical) are more central to HR Architecture and has to be given due weightage.

Finally, the whole game is so simple—translating the strategy into action-plan for achieving the organizational excellence.



**Fig.10.4: A Linkage -Network of Total Organizational Excellence**

## **10.7 Concluding Remarks**

In this chapter, synthesis of qualitative analysis, case-studies and empirical studies have been made under both the hypothesis derived. A linkage map of various vital variables/ingredients accruing out of the study has been drawn schematically and they have been suitably presented. The dominant variables itself are interactive and interdependent mostly on each other and emphasize the success story of the study.

Finally, analytical study has culminated into two successful work-culture enhancement models for achieving organizational excellence. These are:

- Emotional Quality Management(EQM): Based on Power of Full Engagement and EQ Manifestations, and
- Performance linkage model of total organizational excellence.

Eventually, the most important HR Architecture and its characteristics performance drivers require more candidness, more candour, professionalism and decidedly passionate work-culture for taking up any organization to higher heights.

## Chapter 11

### Conclusions and Recommendations

#### 11.1 Introduction

Today, industry de-regulation, increasing customer focus, changing employee value, and co-creation of value-system, work-ethics are few factors that have placed unprecedented demands on business enterprises for coping with rapid changes in the competitive landscape. Also, the shrinking time-frame for the break-even-demands, the need for the organizations to unleash the brain-power of people to fullest extent in order to maximize the organizational throughput and yet be in the game most competitively are the major concerns.

Certainly, the emerging issues on the horizon and the fast changing business scenario, requires incorporation of flexibility and adaptability at the first-stage, which may be coupled with other HR performance drivers and leveraging with appropriate HR technological core competencies, for accomplishing organizational excellence.

With above aim in view, an attempt has been made in this work to gather and critically examine the valuable inputs from various representative organizations and carry out analysis of the qualitative and quantitative data for arriving at desired organizational throughput. To accomplish these events in this study, two hypotheses have been considered, viz. Six Sigma, and HR Balance Scorecard (BSC). Apart from 'manifestations of Performance', literature review study-design formulations/methodology has been evolved.

Most importantly, the study has been able to culminate into two '*work-culture models*' which is a step-wise demonstration of how 'organizational excellence' can be achieved, with the application of High Performance Work Practices (HPWP). It should be further noted that change is inevitable to maintain continuity and organizational excellence is not intimidated by change; rather they take it as a challenge in their stride-the organization unleashes brain-power of its people to exploit change.

#### 11.2 Summary of Research Findings

The various dimensions of organizations have been studied in chapters five, six and seven, which discuss about qualitative analysis, (interviews); case–studies and empirical study (Questionnaire analysis). The important parameters of HR performance drivers and related ingredients, show a deep insight about the problem areas, which need to be improved.

A summary of the important findings emerged out of the study are enumerated below:

- Employers should lead by example, “Leadership by Example” and creating a role model,
- To build long-lasting and strong organizations, encouraging shared leadership is very important in any organization. Thus a proper bonding has to take place between the employees and employers in the organization.
- The personnel should have pride in the organization in which they are working and rather develop a citizenship of the organization.
- For High Performance Work Practices (HPWP) organizations must align and integrate the objectives and Key Performance Indicators (KPI’s) vertically and horizontally. The organization should work in matrix fashion.
- Organizations should continually enhance employee core competence through identification of output-related training and development needs and strategies. EQ (Emotional Quotient) helps in imparting full throttle performance.
- A long-term focus with short-term actions is the essence of organizational transformation.
- A positive work environment can improve morale of employees and encourage them in congruence to accomplish the job done. As has been observed from the case studies high level motivation helps immensely for the performance of the people.
- Multi-skilling and job- rotation is helpful for the organization.
- Due to lack of supporting staff (non-teaching) the teachers have to devote more time on routine jobs like Pravesh Niyran Samiti(PNS), Shikshan Shulk Samiti(SSS), Local Inquiry Committee,(LIC) etc. This saps out their energy and hinders their quality performance in the teaching.
- The non-clarity of decisions at various levels- top, middle and working level- hampers the quality functional aspects.
- Students have impressionable minds; therefore, teachers must take initiative in shaping / molding them to become better citizen.

- Execution is dire essential and the innovative / imaginative ideas / technology should be implemented as far as possible.
- It has been found that teachers at times do not possess some good reference books than the routine syllabus books which also hinder deliverables.
- Teachers should be in the continuous learning process.

### **11.3 Major Recommendations and Implications**

The major recommendations and implications of the research are summarized as follows:

- (i) After the vast analysis of data, it was found that people should develop more positive attitude.
- (ii) The personnel of the organization should unleash their brainpower and work with more zeal and passion.
- (iii) To achieve greater customer satisfaction, 'Higher Performance Work Practices (HPWP)' is required.
- (iv) A higher leadership demonstration is required by the teachers.
- (v) Leaders and managers at all levels should co-ordinate their efforts for synergizing human as well as non- human resources and should strive for excellence as far as possible.
- (vi) The teachers and managers should learn to take faster decisions.

### **11.4 Limitations of the Study**

This study has also had some limitations as follows:

- (i) Sample size was found to be a constraint.
- (ii) Detailed statistical analysis could not be done due to qualitative work of the thesis.
- (iii) Due to limitations of data and confidentiality of the institutes / departments, the hypothesis could not be further tested.
- (iv) Various advanced electronic techniques available today; the evolving design techniques could be done in better 'fashion'.

- (v) There was discrepancy found, sometime, between top management and lower management interviews.

### **11.5 Further Suggested Research Work**

- (i) More data analysis and deliberations, thereof, are required for imparting implementable programmes.
- (ii) More temporal and spatial pattern is desirable for futuristic emerging outcomes.
- (iii) The two evolved models may be taken for future predictions of the functional aspects in similar organizations / institutions.

### **11.6 Concluding Remarks**

The present study has also brought out many powerful determinants and learning issues. A linkage map of dominant ingredients has been evolved. It significantly provides a successful tool for establishing the relations and co-creating the human capital values as well as HR performance drivers.

The present work has also touched upon the various issues at a suitable designed level for the framework of this research. This can now be used as a starting point for further detailed as well as more specific studies in the select key areas. The gap can be certainly bridged by breakthrough technologies and by an upshot passionate work–culture. In the present study modern techniques like Balanced Scorecard, Six Sigma and dynamic leadership dimensions have been attempted.

If the company can create a work -culture where the employees share their knowledge, get respect as well as recognition and are rewarded for it, the employees will be motivated to share knowledge with others individuals. This will certainly affect the competitiveness of the company positively and will thereby be very valuable. Thus, it is observed that linkages successfully demonstrate their interactive and interdependent dynamic characteristics of the determinants. Finally, the study has resulted into two innovative passionate work culture models for eventually accomplishing organizational excellence.



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- [http://www.Valuebasedmanagement.net/methods\\_result\\_oriented\\_management.html](http://www.Valuebasedmanagement.net/methods_result_oriented_management.html)

# APPENDIX – I

## Questionnaire for Empirical Study

**Name of the organization:** \_\_\_\_\_

### Organization structure / Basic organizational form

Q1) What is your organizational structure based on?

- Functional       Divisional  
 Matrix       Any other.

Q2) In what way are individual positions, units and so on clustered with in your organization?

- By function       By product  
 By service       By target group

Q3) How many people are employed in your company?

Q4) How many levels of hierarchy are there in your organization?

- Many (Hierarchical)       Few (Flat)

Q5) How does the communication work in this hierarchy? (Formal / Informal)

### Interchangeability

Q6) Employees transferability to other works.

- No interchangeability       Low  
 High       Complete interchangeability

Q7) What is the mobility status among the employees?

- Never       Very often  
 Very easily

### Decision- making / Empowerment

Q8) How does the decision-making within unit/department take place?

- Centralized       Empowerment

Q9) Decision making practice in your organization.

- Individual decision making (exclusive)
- Consensus decision making (participation)

Q10) Are there consultative bodies within the unit?

- Liaison positions
- Task Forces
- Project teams
- Integration manager.

## **Participation**

Q11) Organizational activities such as goals, planning, control, time accounting is

- Exclusive
- Participative

Q12) What is your opinion on about changeability of your unit?

- Very small
- Moderate
- Great
- Small

Q13) What is the mindset of employees to acquire additional skills/ Competence as a consequence of organizational change?

- Very Small
- Moderate
- Don't know

## **Vision and mission and organizational contribution to it.**

Q14) Is the Vision shared by seniors with everyone within your unit?

- Always
- On new basis
- Never

Q15) Is the Mission derived by everyone within your unit?

- Always
- Sometime
- Never

Q16) Are there different images / ideas about the mission or the image of the organization within your unit?

Heterogeneous                       Homogenous

Leadership Profile

Q17) Do you supervise people in the organization? Unit?

Yes                       No

## **Leadership style**

Q18) How would you characterize style of leading in your organization?

(task- oriented) mainly directing

(Instructive) indicating step by step what employees should do, and keep close supervision of the performance.

(sedation- oriented) mainly collaborating

(Participative) making decisions together with the employee, and supporting him/her in the task performance.

Consultative

Declarative

Combination of one of above.

Q19) How much freedom of action has, in your opinion, an executive within the organization to vary his leadership with regard to directing and collaboration?

None                                       Little

Not much                                       Much

Complete

Q20) Which management techniques would best describe the approach wide within the organization?

Management by objectives                       Management by walking around

Management by strategic objectives                       Management of feedback/follow up

Q21) If so, is the willingness to enforce / apply / adapt new management techniques large or small?

- Low
- Reasonable
- High
- Career planning

Q22) Is there a philosophy regarding career planning within the organization?

- Yes
- No

Q23) Is there any system for internal career planning for employees?

- No
- Very little
- Systematic
- Very systematic

## **Performance review**

Q24) Is the performance of employees appraised?

- No assessment
- sometimes
- Always

Q25) Is the assessment system directed towards?

- Short term
- Medium-term
- Long-term

Q26) What method is used?

- Skills Improvement
- Behavioural
- Interpersonal relationship
- B to B / B to C
- Employees / Executive development

## Training and development

Q27) Which subjects have there courses or training schemes dealt with?

- Strategy, market and costumes conditions
- New technology
- Communication, Co-operation etc.       Quality management
- Working environment                       Environmental demands
- Leadership development                       Others

Q28) Is the training

- Outsourced                                       In house training
- Vestibuled

Q29) Do employees get

- Education leave without pay       Education leave with pay
- Both ways                                       Others

Q30) Do you have better chances of promotion after education?

- Yes     No

## Flexibility / Adaptability

Q31) Could you characterize the relationship between you and your colleagues in a few catchwords?

- Formal     Informal
- Everyman for himself                       Collaborative
- Predictable                                       Surprising

Q32) Do employees bring in new ideas / possible improvements.

- Yes     No



## Focus

Q33) What do you think your organization focuses at?

- Short term gains                       Medium term gains  
 Long term gains

## Closed / open organization

Q34) Is your organization sensitive to external developments?

- Yes                                       No

Q35) The external climate under which your organization function can be characterized as

- Hardly changeable                       Rather changeable  
 Changeably                               Very changeable

Q36) Your organization is

- Men oriented                               Product oriented  
 Technology driven                       other (please specify)

## Performance appraisal at individual level

Q37) What type of performance appraisal system your company follows for evaluating the performance of employees?

- 360 degree feedback                       Grading method  
 Ranking method                               any other

Q38) Do you have self appraisal system for evaluating the performance of employers?

- Yes                                       No

Q39) Who appraises the employees?

- Departmental head/manager                       the manager  
 Any other

Q40) How frequently the employees are appraised?

- 3 months                                       6 months  
 Yearly

Q41) The most significant reasons for using performance appraisal are

- Payroll & Compensation decision
- Training and Development Needs
- Identifying the Gaps in desired and actual performance
- Deciding future goals and courses in action
- Taking decisions regarding promotions demotions and transfers.

Q42) According to you performance appraisal system of your company is

- Effective
- Ineffective

## **Communication and co-ordination**

Q43) Who communicates the employees the objectives and expectations?

- Immediate boss
- Manager
- HR Department

Q44) Do the employees communicate the standards of performance?

- Yes
- No

## **Rewards/ compensation / Incentives**

Q45) How does your company reward any employees for the best performance?

- Incentives
- Increase in pay
- Promotion
- Awards
- Gifts
- Any Other

Q46) Do you think the recognition of ones performance in any ways, mentioned above motivates the work performance of the other employees?

- Yes
- No

## **Performance Appraisal system for group / Team**

Q47) Do your company follows any group/ team appraisal system?

- Yes
- No

Q48) What are the factors considered while appraising the performance of a team?

- Project excellence
- Co-ordination among the team member
- Team work
- Duration of the project
- Any other

Q49) Who evaluates the performance of the members in a team?

- Project manages/team leader                       Peers  
 Project development managers                       any other

Q50) Does the organization, apply various 'Levers of Control' for improving productivities?

- Monitoring –Periodic of Projects/ resources  
 Resource continuity  
 Organizational Development  
 Span of control (i.e. No. of employees reporting directly to one supervisor)

Q51) How the project managers are communicated the goals or objectives of the project?

- Higher Management                                       Immediate Boss

Q52) If the appraise has any complaint regarding performance review, how it is resolved?

- Head of Department                                       Immediate Boss

Q53) What is the core competence of organization?

- Great value to customers  
 Unique Business Mode  
 Human Values

Q54) Do you find that your organization has excelled in its field?

- Excellent  
 Good  
 Neither Good nor Poor  
 Poor  
 Very Poor

## **Respondent's Profile**

Name\_\_\_\_\_

Designation\_\_\_\_\_

Address\_\_\_\_\_

Phone\_\_\_\_\_

E-mail\_\_\_\_\_

## APPENDIX - II

### Performa used for Institute case study

#### Appraisal Parameters

Name of the Institute: \_\_\_\_\_

1) What is the Institutes philosophy on growth development?

- Vertical growth
- Horizontal growth

2) Value based work culture.

- Collaborative
- Co-operative
- Supportive
- Flexible

3) Are faculties prompted for research?

- Yes
- No

4) Status of Institute Involvement in conduct of National & International workshops & Seminars?

- Above average
- Average
- Below Average

5) Are you promoting / sending faculties to attend seminars at institutes cost?

Yes

No

6) Do you have any policy for celebrities/ dignitaries forming part of institutional advisory committee?

Yes

No

7) What is the student- Faculty ratio maintained and recommended?

As per norms

Any other

8) Is the institute associated with foreign universities for certification?

Yes

No

9) Are you accessible to different publications?

Yes

No

10) Do you have any practice for promotion of any scholarships for higher studies of faculty members?

Yes

No

11) Enhancement in infrastructure development/ Facilities creation (If Yes, explain).

Yes \_\_\_\_\_

No

12) Status of prevailing communication network among all staff members.

Transparent

Non-transparent

Amicable

Cohesive

13)  $E = Q \times A$

E = Performance

Q = Quality of work culture (Ratio on the scale of 1 to 10)

A = Acceptance action / change (Ratio on the scale of 1 to 10)

**For ex:  $Q=7, A=8, E = Q \times A = 8 \times 7 = 56$**

Q =

A =

14) How will you rate your performance in the organization?

(Ratio on the scale of 1 to 10)

### **Respondent's Profile**

Name \_\_\_\_\_

Designation \_\_\_\_\_

Experience in teaching \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

E-mail \_\_\_\_\_