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# Nurturing Positive Culture and High Performance: The Way Forward

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## ABSTRACT

*Creating and nurturing culture at a new organization offers a significant opportunity as well poses a great challenge to the management. This case of a new manufacturing unit started by HTEL at Karur, Tamilnadu is an attempt to highlight and elucidate the issues that may emerge despite well intended policies and measures adopted to address the same by designing a comprehensive strategy to reach out and taking on board all the stakeholders.*

*Issues emanating from the diverse workforce and other external exogenous factors such as non-allotment of land for township/recreational facilities by Government, remote location, underdeveloped infrastructure etc. led to a complex multi-facet challenges for the management and had to be countered through a multi-pronged strategy. The case also depicts in depth that the assessment of the problem should not be compromised with and the correlation between seemingly disjoint issues, if identified, should be addressed diligently. And above all, recognizing the efforts and respecting individual competence and ideas always fructify in the long run and should be aggressively and creatively incorporated in the HRD strategy.*

## I. INTRODUCTION

*“The only thing of real importance that leaders do is to create and manage culture”*

**- Edgar Schien**

Heavy Tools and Equipment Limited (HTEL) is one of the largest engineering & manufacturing companies of India, with its headquarters at Mumbai. Started in 1970, the company steadily rose to capture the heavy equipment & tools manufacturing market and secured leadership with 29% market share during the economic reforms of the early 1990s, by adopting aggressive capacity enhancement, marketing and diversification strategies. To this end, company started many new manufacturing plants in central and southern parts of the country. The company also transcended its presence into diverse areas by foraying into

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engineering, design and providing end to end business and industrial solutions. With the boom in manufacturing, automobiles and real estate sector, the demand of steel soared to an all-time high level. HTEL did an extensive market research to identify the business potential in the steel sector in line with their capabilities.

It was found that there were significant barriers to entry in this core segment as steel manufacturing through erection and commissioning of steel plants calls for huge investment and the segment is nearly saturated with big players having advanced integrated Steel Plants. However, the steel products viz., coils, TMT rods, etc. need to be carried to different parts of the country and the incidents of transportation related issues ranging from inefficient and unsafe bundling to pilferage were aplenty.

Considering this as an opportunity to enter the segment, HTEL planned to set up a manufacturing facility focused on packaging solution for the steel sector. The facility was established near one of its largest manufacturing unit in Salem, Tamil Nadu at Karur with state-of-the-art equipment and machines.

The HR department planned to source manpower at the artisan and ministerial level from the local areas however, for engineers, supervisors, as per the recommendation of the Company Board, it was decided to explore and tap talent pool across the country. Accordingly, the fresh engineering graduates and diploma holders were recruited through an all-India level recruitment drive.

Over the years, the company had also gained reputation as an employer extending equal opportunity to all candidates across the nation and promoting cultural diversity and inclusiveness. Recruitment of a total man power of 626 employees comprising 38 executives, 32 supervisors and 556 workmen was completed in 2012. It was planned to transfer middle management and top management executives from the Salem unit as their expertise and knowledge would be vital to establish manufacturing and other related systems and processes. 24 middle management and top management executives were transferred to the new unit during the erection and commissioning stage.

The company confronted various hurdles in securing the land allotment from the state government and could purchase land adequate only to setup the manufacturing facility, and so it was planned to construct township and other facilities and amenities for the employees in a phased manner at a later stage. The amenities like schools, sports ground, cultural clubs, etc. had become synonymous to HTEL's establishments, a company which had also emerged as one of the best employers over the years enabling healthy work-life balance for the employees.

The brand of HTEL played a major role in attracting talented artisans, supervisors and engineers, for the Karur plant, who dreamt of joining company for a long stint as it offered a fulfilling career and comfortable lifestyle. At artisan level, around 90% of employees joined from local areas and South India while over 80% of the engineers and supervisors came from the northern parts of the country.

The unit got commissioned without township and other amenities in early 2013. During the initial months most of the time was devoted to stabilization and optimization of systems, machines and equipment at the shop floor.

The interaction or the lack of it made it evident that the three tiers of workforce i.e. Engineers, Supervisors and Artisans were struggling to communicate with each other owing to the absence of a common language, as hailing from different parts of the country they had different mother tongues. Also the diversity, due to the varied cultural backgrounds of the employee, which had been envisaged to become an asset was now turning out to be the biggest challenge for management. As engineer and supervisors were not able to instruct and convey directions effectively in the languages and vernaculars of artisans, onus was on the middle management and top management transferred from Salem plant to communicate even operational level instructions to workmen, a task which essentially formed part of the role and responsibilities of shop level engineers & supervisors.

The semantic barrier continued to pose its challenges. To make matters worse, it was announced that the senior experienced supervisors who were to be transferred from Salem unit would not be shifted as work load had increased there and the newly commissioned unit would have to manage with the available supervisors only. In spite of a clear role and accountability system, and standard operating procedures, a culture of finding excuses attributable to communication gap, lack of resources, etc. for non- performance seemed to have become all pervasive among artisans, supervisors and engineers alike. Interruptions in the operations due to technical break-downs also became frequent as preventive measures were not being implemented adequately. The engineers and supervisors, and workmen workforce ratio was also skewed disproportionately as 85% were workmen while supervisors and executives including engineers constituted only 5% and 10% of the employee strength respectively.

Managing shop floor operations with constantly increasing production output demand and insufficient number of supervisors resulted in more work hours for supervisors and engineers while artisan continued to attend work strictly per the fixed time shift as there were no overtime benefits. Also, as the workforce was young and relatively less experienced compared to other

HTEL units, the higher management officials, who were tasked with an ambitious mandate by the Board to secure an early competitive edge in the relatively pristine market segment, were finding even meeting production targets difficult. However, they were hoping that these “teething” issues would subside as the plant gets stabilized once and full-fledged production picks up.

This went on for around a year and the newly joined workers having spent a year formed two unions and submitted their registration certificates to HR after which elections were conducted for constitution of Works committee and Canteen committee as per the statutory provisions. One of the unions was elected as the participative union with an overwhelming majority.

The very next morning the union representatives barged into HR office with a charter of demands and complaints including a comparison of facilities between Salem and Karur units.

**Facilities available at Salem unit:**

- Well-equipped residential township
- Amenities for sports, recreation, social gatherings, cultural club, playgrounds, swimming pool, etc.
- Good school facilities for HTEL employee wards at a subsidized rate
- Payment of over time
- Excellent transport connectivity
- HRA rate @ 20 %

**Facilities at Karur Unit:**

- No Township
- No sports or recreational facilities
- No place earmarked for cultural social activities.
- No company school for employees’ children
- Lack of public transport options (Buses plying from residential areas of the employees were not stopping near the factory)
- 10 % HRA
- No Overtime or incentive

The head of HR was about to retire and also had some personal commitments due to pressing health issues of family members, so effectively, the CEO of Karur unit had to assume the role

of HR head also. Despite several efforts from management side, the issues concerning communication gap and unproductive work culture among the employees could not be addressed and resolved leading to low productivity and poor motivation level, and frequent tool down strikes and work stoppages citing trivial reasons.

During last quarter of 2013, a new HR manager with long experience at the Salem unit was appointed to head the HR function at Karur. The new HR head organized talks at various levels with workman representatives to assess and analyze the underlying issues affecting employee productivity.

The first half of 2014 witnessed rise in unpleasant IR issues. Absenteeism, low productivity, altercations between supervisors and artisans, and consequent loss of production output became the order of the day. The following exhibit narrates one of the IR problems that took place at bay 5 shop floor at the unit.

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In the shop floor, electrically operated overhead cranes are used to move materials and jobs from one bay to another and also for loading finished goods into lorries at Shipping yard. Jagan Ram (JR) an elected representative of the recognized union comes to the Crane operating area at Shipping department.

JR: (Looking at crane operator) “Stop the crane, and come down, it is not safe”.

(All the workmen in the shipping bay gather, around JR)

JR: “The cranes are not safe to operate. There is unusual noise emanating from the cranes”, he said addressing all the workmen gathered around him. “All of you sit down, let the manager come here to explain.” he said sarcastically amid thunderous applause.

*Ragunath Sharma (RS), Manager, Logistics, who was in a meeting with Production Head on the finished goods loads to be dispatched for the day rushes to the spot. He is shocked to see that his workmen have stopped the work and are sitting on the floor.*

JR: (On seeing RS) “This crane will fall any time. Do you want to kill us.....? You are sitting in air conditioned room and don’t understand what is work? ..... “JR yelled at the Manager

RS: “What is the problem in the crane?”, he asked calmly in a temperate tone.

JR: “There is unusual vibration and noise. We can’t operate the crane”

RS: “I will immediately ask the maintenance team to attend to the issue in the crane. Please

resume your work. The load has to be dispatched to the customers today.

JR: “You want to kill us?..... I will not allow to operate crane”.

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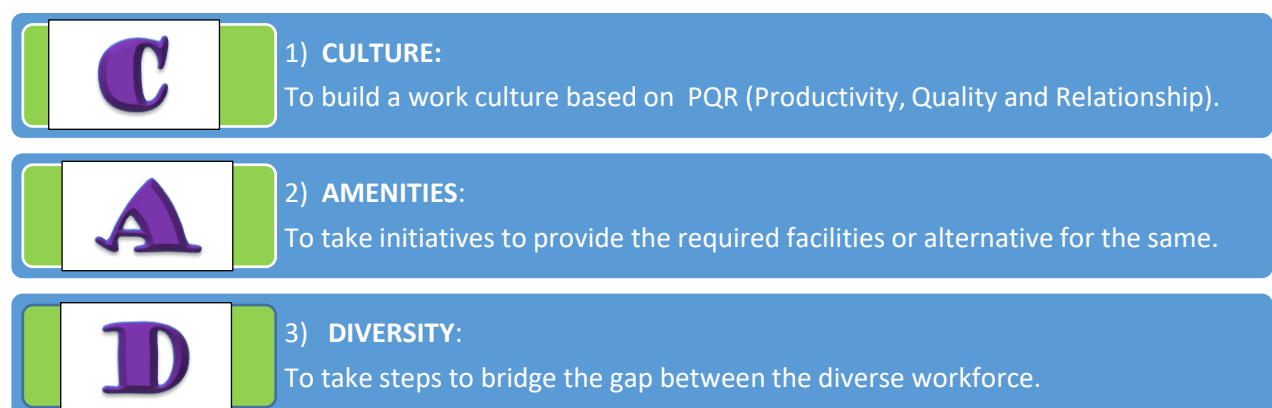
In another incident, one artisan resorted to physical assault and slapped a Supervisor while he was entrusting routine tasks to him. This led to a rupture in the residual goodwill and split the supervisor and artisans on linguistic lines with each side stubbornly opposing the other.

As management decided to take disciplinary action, Unions took strong exception to the decision to conduct disciplinary proceeding against the artisan and also vociferously began protesting the lack of amenities and demanded immediate establishment of all facilities. The management was firm and suspended the artisan. This stern action from management, however, further fueled the discontent of the workmen community and deteriorated the already distressed relationship between workmen and supervisors. This uncertainty prevailed till June 2014.

After detailed root cause analysis, the HR team observed that though the workman had elected representatives as most were from the same batch, freshly recruited who did not possess significant professional experience, could not garner absolute support from workmen and there was lack of clarity on workmen leadership. This added another dimension of complexity in chalking out a plan to address the flaring issues as in effect there was no single point of contact or negotiation from the workmen side.

Management concluded that the strategy to improve the situation and create a high performance culture would require management to reach out to employees at the individual level also along with their representative bodies. In the beginning of July 2014, after six months of careful observation and assessment, CEO and HR team held multiple discussions and brainstorming sessions to arrive at a three pronged strategy focusing on Culture, Amenities and Diversity. (CAD).

#### **CAD Strategy (Figure 2)**



**CULTURE:**

This was implemented to cater to the need to reach out individual employees also, rather than confining the communication to the elected representatives, as observed during the root cause analysis by the HR team

- **Best employee of the month** was introduced where artisans performing on the parameters of PQR were recognized with their photo displayed on notice boards and intranet. Winners were invited with their family members for lunch with top management officials. This inculcated healthy competition amongst employees. Recognition of performance of individuals along with family members instilled a sense of pride in their work and the nomination for BEOM kept on increasing month after month.

- **Annual function** on company day was organized where all employees along with their family members participated. Employees and family members also presented cultural programme in the presence of top management followed by company arranged dinner. The occasion provided a platform for mixing, interaction of family members through group games not only amongst workmen, but also across cadres i.e., Supervisors, Executives and Top management.

- **Birthday wishes cum Improvement Sharing**, a novel programme initiated by HR under which all employees across the three tiers (E/S/A), whose birthday fell in the same month were invited for birthday celebration with top management and their ideas for company's progress were discussed. After exchanges of pleasantries by CEO, each individual shared a problem/improvement in his/her area of work. The improvement/problem was noted down and Departmental Heads were entrusted the responsibility to clarify and implement the suggestion given by the employees. CEO personally followed up for implementation of these ideas and suggestions.

Seeing suggestions of employees being implemented in their work place, the following months, the attendance of employees for the programme soared to 90% from a meagre 40% to 45%. The birthday babies eagerly attended the event and also brought in quality suggestions for improvement of the operation of the plant.

- **Workers Participation:** Two departmental committees were formed with equal members both from management and workmen to discuss and resolve day to day issues. The department council met once in month. Both sides shared the information and this paved way for improving communication between management and workmen and enabled workmen to



repose faith in dialogue and discussion as tool for resolution. The issues discussed and resolved in the meeting were published in the Notice Board.

## 2) AMENITIES:

- **Bus service:** In collaboration with State Corporation bus service was started which covered all bus stops and reached the unit for the general morning shift. Same service was made available at the end of the general shift also. Bus shelters were constructed at company expenditure for comfort of the employees during their waiting period to board the bus.
- **Van service:** For the night shift employees a special on-contract van service was started.
- **Reputed hospitals** were empanelled from the nearby towns as company could not establish its own medical facility.
- **Factory Medical Center:** For the first time in company's history an outsourced Factory medical facility was setup.
- **The process of initiating** MOU with private schools was started for admission of employees' wards on concessional rates.

## 3) DIVERSITY:

- **Spoken Tamil Classes** started for supervisors/ artisans
- **Spoken Hindi Classes** started for artisans so that they can also enhance their understanding of the instructions by supervisors/ engineers.
- **To facilitate attitudinal changes**

*For artisan:* Self-development classes were organized for all artisans by engaging reputed professional faculty with inputs on positive attitude, work culture, productivity, etc.,

*For Engineer/ supervisor:* Classes on change management, transactional analysis and positive attitude were organized.

*For Trade Union representatives:* Transactional Analysis and Negotiation Skills were organized

During the implementation phase of CAD strategy, all was not well; the unit witnessed ups and down during the last one and half years. However, CEO was pleased with progress of the Unit and the support given by HODs. In the review meeting, CEO acknowledged the positive

changes in the attitude of the employees and lauded the role played by production, planning, and HR department in building congenial working culture in the unit, through CAD strategy.

Within the short span of 18 months the CAD had entirely transformed the culture of the unit and motivation of the employees was at an all-time high level while bridging the increasingly widening communication gap among the supervisor/engineer and artisans.

The seeds of CAD strategy in the unit had sprouted green shoots of positive vibration towards performance-oriented culture. CEO and HR head thought it was the right time to discuss the output norms to enhance performance to move to the next phase of development.

## **II. PRODUCTIVITY LINKED INCENTIVE – A TOOL FOR MOTIVATION**

Considering the current market scenario and demands from customers coupled with the technological and capacity enhancements and adequate workforce availability and a conducive working culture with CAD strategy in place, the need to increase the current output level had become evident for HTEL.

In order to increase the current output level, discussion on the output production norms was held with the participative unions of HTEL. Following several rounds of discussion and considerable consensus building efforts from management side, the unions finally agreed for increased production output norms linked incentive scheme and committed towards practicing and demonstrating higher productivity. To tide over the shortage of Supervisors, the management invited volunteers amongst workmen who can bridge the gap and don the role of supervisors. Two workmen were selected for each Bay and they were designated as “Bay leaders”. The enthusiastic role played by bay leaders reduced the communication gap in the shop floor between management and workmen and resulted in enhanced output. Based on the success of this scheme, management planned to strengthen this system.

The introduction of the group incentive scheme linked with target completion for the month motivated employees towards a performance-oriented culture, higher productivity and enhanced team spirit. The motivated team increased production by more than 70% in the first month of the introduction of the incentive scheme.

## **III. EPILOGUE**

Target for the year was surpassed. Accolades were received from different segments, Corporate, Sister Units, and Customers. The Corporate office specially congratulated the CEO for spectacular performance of the Unit.

As special token of appreciation for surpassing the annual target for the financial year, gift hampers were issued to each employee of Karur plant to rejoice with their family members. A special lunch was organised in the company premises for all employees in recognition of their commitment and dedication. The *performance culture nurtured by the CAD strategy* has opened new vistas for the Karur unit. Employees were brimming with happiness and satisfaction and *looking forward* to surmounting the challenges in the ensuing year.

#### IV. TEACHING NOTES:

This case study outlines the turnaround of organization culture, from state of acute distress to exceptional performance. Root causes for deterioration were identified and analysed. The vision formed to overcome causes for distress like lack of overtime, township, HRA etc., through alternative and complementary ways. Three steps were planned to overcome the cause for distress. First step taken were to build work culture through various new initiatives like BEOM, Annual function, birthday wishes etc., second and third steps were amenities and bridging the communication gap in the diverse work force. The CAD strategy was carefully designed after detailed and thorough assessment of the concerns of all the stakeholders and implemented in HTEL in a time bound manner. As a result, targets could be surpassed, and satisfaction level of the employees could be enhanced. Most importantly, a high-performance culture was created in a sustainable and systematic manner.

Alternatively, the management can think of assessing the present culture using the measurement tool suggested by Dr.Udai Pareek - The OCTAPACE. This tool can be used to measure on the 8 parameters – Openness, Collaboration, Trust and trustworthiness, Authenticity, Proactivity, Autonomy, Confrontation and Experimentation.

Action plan can be drawn based on the results of the survey.

#### V. CASE DISCUSSION QUESTIONS

1. What are the methods of motivation? Whether appropriate motivational tools have been used to solve the problems cited in the case?
2. What are the alternate solutions for the problems?
3. List all the problems in the Case study. Discuss the root cause of the problems
4. Can the management sustain the performance achieved after introduction of the incentive scheme? How?

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