

‘Enablers for Employee Relations and Engagement.’

The subject for discussion is ‘Enablers for Employee Relations and Engagement.’

I would say that changing the employee relations from conflict ridden to collaboration focused, and increasing sensitivity to employee concerns are the key enablers of employee relations and engagement. The good news is that the tools and techniques are available today for us HR Managers.

1. When I graduated in PM&IR, the scenario was quite frightening. Oil crisis of early seventies had sent the Indian economy in a spin. There was labour unrest everywhere. Government policies were populist. Judgements of various courts did not help us to manage unions and labour with any confidence. Reinstatements were granted for very serious misconducts. Violence was almost the order of the day in labour matters. Initially unions of RJ Mehta and later Dr Datta Samant freely resorted to violence. It is not as if this was always directed against management personnel or hapless workmen. RJ Mehta was assaulted by another Union leader just outside the labour court in Mumbai!

2. National Institute of Labour Management regularly held seminars on various court cases. On one occasion a group of lawyers held a seminar titled ‘How to dismiss your employee.’ The nature of relationship was adversarial; it continues to be so in many organisations.

3. Take a look at what is happening in and around Mumbai. Bajaj Auto simply closed down their factory at Chinchwad. Bajaj Auto’s workers were caught by surprise when the notice of suspension of operations was put up and all employees were asked to leave. Nothing could have been more damaging to relationships. The case of the management is not that there were

disputes; they said that the operations were not commercially viable.

4. On a sprawling campus at Thane of over 125 acres stand the Raymond Group's various factories and offices as well as their housing colony. The Raymond location is now considered a prime location. Raymonds has closed down their factories. A deal is struck already. Raymonds has announced its plan to sell the property to real estate builder. Raymonds has reportedly set up a brand new factory in Gujarat. In the south, Nokia and Hyundai have had their share of trouble with the unions which they do not want to have in their plants. Pricol saw an unfortunate event – extreme violence in which the HR Head lost his life. Jet Airways in Mumbai provided some comic relief. They sacked 1100

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employees in one go, reinstated them when political leaders intervened. When public anger and political pressure built up Naresh Goyal said that he did not decide but his managers made the decision. He did not gain anything by saying so, but he disowned his managers!

5. I am often reminded of a famous quote of George Bernard Shaw. He said 'Trade unions are organisations that protect the inept from the unconscionable.' He is calling workers inept and managements 'unconscionable.' The fact is that there is solid evidence to support what he said.

6. The press unfortunately does not report good stories that have some positive message; I am going to tell you some. But before that, let us think about what the common factors behind all these events were?

One of the common factors in these stories is that the employers have acted out of fear and not out of hope. This is true of Bajaj which hurriedly put up the notice and practically asked their workmen to get out! This is equally true of Jet Airways which sacked 1100 employees in one shot. So much is being talked about the unfortunate murder of the Vice President HR of Pricol. If you read the facts that are available on the web site of Communist Party, [I would like to clarify that I am not a communist] you will be shocked to read the kind of tactics and games played by Pricol management. They dismissed 42 employees in one stroke when there was simmering unrest. Violence was almost predictable in their case. I have always wondered who is really guilty of murder in Pricol. Is the workmen who assaulted him or is it the Company's management which exposed them to the risk of confronting an irate mob and facing violence?

In all these cases the employers acted out of fear and not hope. When you act out of fear, you remain so focused on guarding yourself that you lose sensitivity to others completely. That way of managing employee relations, in my opinion, is the hallmark of the old age thinking.

Organisations valued a 'Culture of Obedience' in the pre-globalisation period and some seem to do it even now. The culture of obedience leads to blind obedience, fear based and reactive people decisions. The new age is focusing on conscience, courage based and proactive people management policies. This is what John Bradshaw called the 'Ethics of Virtue.' His book, "Reclaiming Virtue" makes excellent reading. The biggest enabler of employee relations is the Ethics of Virtue.

7. Let us imagine three scenarios that pose challenge in building healthy employee relations. These three scenarios are: firstly, how to close down old factories, secondly, how to transform the existing establishment, and thirdly, how to set up an

establishment with the right practices – or how to start on the right note.

8. The first case: Closing down an old factory. The case of Colgate's Sewree factory closure is very interesting. This factory was situated just next to HUL's factory which was the battlefield of union activities and militancy. It is this factory of HUL that took 35 years to close. I am bringing this out because the contrast is dramatic. But Colgate made some right decisions. They openly declared their intention to close down the Sewree factory and explained the reasons to the employees. The employees were not caught by surprise when the manufacturing activity was reduced. Colgate announced a package after talking to the union. A large group accepted and left. A small group remained behind and resisted. They could have resorted to protracted litigation and reportedly such help was offered by HUL's union. They could have resorted to violence. But they didn't. Colgate continued to talk to the employees. Lage Raho Munnabhai was just released that it was making waves. The workers adopted 'Gandhigiri' as the means to persuade the management! Finally they reached an agreement. The plant was closed down. Exiting Employees and Managers had a farewell dinner. There were tears, but no fear, and no feeling of unfairness.

It requires will more than skill to practice the 'Ethics of Virtue.'

9. Let us move on to the transformation of old establishments: This is a Cadbury story. Cadbury's operations at Thane plant came in for scrutiny as the manufacturing cost of their largest selling product was prohibitive. The employees were organised under the leadership of Mr Dastur who is widely recognised as dynamic, well read and aggressive union leader. Cadbury gave a comprehensive proposal. It included moving indirect labour into direct production activity, outsourcing some non-core activities, increasing production and removing certain restrictive labour practices. Cadbury on their part promised upgrading technology,

investing in modernising the plant, and consequently increasing the life of the plant itself. This plant is located opposite Raymonds and selling the property to builders would have fetched tonnes of money. The Cadbury proposal needs to be appreciated in the light of these facts. If the proposal was not accepted the eventual closure was certain. The Cadbury case stands out because of their persuasive efforts, the difficulty in selling the proposal in which some sacrifice had to be made by both the parties - union did it in the interest of the employment of others - and maturity shown by both the parties.

10. We will now come to the third scenario, setting up a new establishment. I would like to talk here about two cases in which some good work was done.

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I have seen many organisations which create a list of what must not happen in the new establishment. One of the items on the agenda is that we must not have a union at the gate. The truth is that unions cannot be wished away if they come. Not in India, it perhaps happens in USA. That being so it is surprising that

nobody ever says that we must have the capability to influence the workmen in spite of the union. Asian Paints set up a plant at Taloja in 1980. With the high rate of inflation as it was then, the workers asked me a year later if their salaries could be revised. We decided to have a long term settlement although there was no union. The workers requested Mr GR Khanolkar to lead them. We invited him and eventually signed a settlement. The trust developed in the process was unbelievably high.

The case of Marico is very interesting. They set up a plant in Kerala and they did not have a union for a very long time. They felt that they needed a culture of fair play. They created practices

that were guaranteeing fair play. For instance they used a jury system to hold enquiry against a workman who was charge sheeted. In other words, a select group of employees drawn from all levels as jury that decided whether the charge sheeted employee was guilty of certain misconduct. Isn't that very imaginative and isn't that assuring employee of fair play?

11. We must recognise that in all these cases three things have certainly happened –

[a] the organisations have not acted out of fear, they have acted out of hope,

[b] they have been proactive in giving shape to the employee relations and their actions have generated trust, and

[c] they have shown courage in taking those steps, as well as in influencing the perspectives of workmen and their unions. Persuasion is the key to practice Ethics of Virtue.

12. Using power to influence others is easy; using transparency of intentions and purpose is difficult. Usually the difficult path in relationships yields greater dividends.

13. The problem is that when you set up new plants you recruit new employees who implement the boss's instructions without a question. Gradually the new plant set up makes managers very autocratic even before they realise that it is happening. When employees show independence and ask to be treated as 'adults,' things change unpalatably for the managers; the friction starts.

14. There are a thousand such situations in which a manager gets torn between the need to be in control and the need to nurture relationships. This is a perennial dilemma. But when we realise that we can influence by allowing space to others and we nurture relationships through understanding others first, we take a great leap forward in providing mature responses in tough situations.

15. Today the organisations are prescribing processes. There is a standard operating process for everything. Processes are important, but the purpose cannot be lost sight of.

16. I have often asked myself two questions and permit me to ask those to you:

[a] Are we so process driven that we are ignoring building relationship?

And [b] Are we so relationship oriented that we compromise on processes that ensure fair play?

To emphasise my point I would like to point out the difference between how a young MBA or MT is received in the organisation and inducted, and how a staff member is received and inducted. In the first case we take care to follow the process but build relations from the very first interaction. In the second case we make no attempt.

Do you think it makes a good sense to raise these questions in our departmental performance reviews?

17. Friends, at the beginning of my address I mentioned that the argument of my presentation is that changing the employee relations from conflict ridden to collaboration focused, and increasing sensitivity to employee concerns are the key enablers of employee relations and engagement. I have mentioned how some organisations have managed the critical situations focusing on common interests of the parties and proactively engaging in collaboration. I have not mentioned the factors like competition that make collaboration focused employee relations important because those are obvious factors. I will speak about the tools and techniques that are available today for us HR Managers after we discuss the engagement aspect.

18. I would like to discuss the employee engagement aspect. It is our experience that when a person joins an organisation the employee is ready to give his best; usually he joins with a lot of

hope about his future career. The employee also hopes that the working in the organisation would be a memorable experience. So it appears that the new company is an engaged employee on and from the first day but something happens along the way that reduces it.

19. Books tell us that employees expect four things from their employer: Individual Growth, Compelling Future, Positive workplace and Fair Compensation policies. When we understand these expectations in the light of an employee's context, we recognise that each employee will have to be taken separately and understood; no one formula works. Take for example, a person who is new to his job. His concern about individual growth will be about being coached on the job, and receiving support from colleagues. Contrast this with somebody who is well entrenched in his job for several years – he will expect that he is recognised as an expert in the current job and that he is given more challenging assignments. The problem is that these expectations largely remain unspoken. The employees then externalise the problem. They think everything is right with them but the organisation is running in the sub optimal way – moreover they seem to conclude that they have nothing to do with it; whatever needs to be done is always for others to do it.

20. When we displayed the survey results and pertaining to a department on the screen and asked for their reaction, the group found fault with every aspect of every HR process. They spelt out their expectations from the organisation – they were impossible to meet. What they seem to say is that “Make the external environment perfect, provide all resources and then I will give you my best.”

21. If you allow such initial outburst to pass and facilitate the discussion skilfully you can make the group realise that they are expecting perfection from the organisation. The discussion then moves to provide them an insight that they can do a lot to improve the situation. The engagement is indeed a big

organisational concern but I feel it is co-owned by the employee too; he has obvious stakes in improving it. But to help employees reach this balanced view we must engage them in a conversation on two issues: [a] How can I contribute more effectively and [b] What has been my experience of working in this organisation and what needs to be done.

Is there a commonly understood definition of Employee Engagement? No! Organizations define it in different ways. I would like to mention what Towers Perrin says: 'Engagement is the extent to which employees put their *discretionary effort* into their work, beyond the required minimum to get the job done, in the form of extra time, brainpower, or energy.'

The issue for we HR managers is how we can create a situation that encourages use of discretionary effort. My suggestion is that we need to create a conversation around it to bring about full appreciation of this issue.

The catch phrase is 'discretionary effort'. The importance of discretionary effort can be understood by the fact that the industry experiences chaos when there is no discretionary effort. When Bank employees go on strike they declare that they will 'work to rule'. And that creates chaos. They would not serve the customer who has made it to the bank just before it closes. They would have normally served him but not when they work

to rule. What the bank employees effectively say is that we will withhold our discretionary effort. Otherwise why should working to rule be a form of agitation at all? The issue for we HR managers is how we can create a situation that encourages use of discretionary effort. My suggestion is that we need to create a conversation around it to bring about full appreciation of this issue. There is no substitute to dialoguing about our work place issues, creating sensitivity and then taking action.

22. Friends you will realise I am once again speaking of two things – employees need to influence bosses, peers and juniors proactively, I would like to emphasise the word proactively, and secondly, there must be some conversation to have better understanding of the real issues.

23. There is another issue that needs attention in the area of engagement. In a large organisation there is always a department or an establishment which is branded as the worst place to work. If you are transferred to that place you look out for a job. Since bosses themselves have probably gone through such situations, they invent a solution; they couple the transfer with promotion. Now you have no choice but to go. So you start negotiating with your boss about your return. When old colleagues meet in the

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canteen, they say “Oh you work at *that* plant!” What the tone conveys is “Oh how unfortunate!”

24. There is a deep feeling of exclusion that the employees get. There cannot be a bigger punishment than to feel excluded. If we are to change our work place then our language must change.

Our language discloses our attitude. We must consciously decide what language to promote and what language to discourage. This is true of not only all public conversations but also of one-on-one conversations. I would go one step further and suggest we should examine how we should speak to ourselves.

25. The issue is how do we manage the engagement initiative? In my opinion we place too much emphasis on the survey and the numbers. This is probably so because employee engagement scores are part of somebody's evaluation parameters. I would like to ask you: Is it not possible to improve engagement without having surveys? My submission is that it is possible; in fact that is how it should be done, by taking our eyes off the numbers and

by focusing on real issues through a meaningful dialogue with employees.

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26. Friends I have been harping on creating meaningful dialogue. You may ask me how it is to be done. There are many ways and each organisation must invent its way. There are three rules that should be observed.

First rule: Nobody should be allowed to be evaluative about what other person speaks; the entire game is about creating understanding. And as Stephen Covey says, first understand the other and then seek to be understood.

Second rule: paraphrase what that person says by starting your sentence with 'I hear you say...' and capture the essence of his statements in one sentence.

Third rule: Identify the underlying issues and put them on table for all to comment on. My experience is that this works wonders.

27. There is another way to engage people in conversation for change. In my work with three organisations so far I have employed this technique with immense benefit. Peter Block prescribes how to do it in his article. I am quoting him liberally now....

“Too often we try to change a culture by focusing on the structure, on the rewards or on the roles and core competencies. These carry certain logic, but are best preceded by an effort to talk about things that matter in a way that we have not done before. It is the newness of our words to each other that creates the groundwork for changes in practices. Joel Henning nicely frames it with “the way to change the culture is to change the conversation.” Optimism is born the moment we are surprised by what we say or surprised by what we hear.

The first step is to agree to stop having the old conversation. When you are in a hole, the first thing to do is to stop digging. As a start I would like to see a six month moratorium on the following conversations:

- The importance of having the support of top management*
- How workers do not want to be empowered*
- That leaders need to provide a good role model*
- How to hold people accountable*
- How to get people on board and aligned*
- The need to be customer focused*
- How to do things faster and cheaper*
- How to give more choice to the people close to the customer*
- The need for a clear and common vision*
- The ground-rules for dialogue, consensus, teamwork, decisions and feedback*
- The importance of systems thinking and whole system change*
- The call for servant leaders and the end of command and control*
- The need for continuous improvement*

All of these points are true. It is just that they have become useless to talk about. They have become habitual language and we have become anesthetized to their meaning and depth. These words, because of their popularity, now belong to someone else, not to us. The phrases get used for persuasion and political advantage, not for their capacity for human connection. They have become the party line and evoke unconsciousness and keep us frozen in the comfort of routine.

The task, whether you are facilitator, boss or member of a group, is to evoke a new conversation.

28. To sum up: Strategy and Structure have their place, and most organisations have wizards handing those portfolios. We

need processes to increase sensitivity to employee issues within the organisation. To do this, we must encourage dialoguing, proactively practising openness and disclosure, focusing on our language and having conversations for change.

There is one more effective tool, namely Open Space Technology that has been almost always been successful in group problem solving. I think you may be aware of it, so I am not elaborating it.

29. Friends, I stated right in the beginning that “The argument of my presentation is that changing the employee relations from conflict ridden to collaboration focused, and increasing sensitivity to employee concerns are the key enablers of employee relations and engagement. The good news is that is the tools and techniques are available today for us HR Managers.” I have discussed some excellent examples of building employee relations thru ‘Ethics of Virtue’ and I have also discussed various issues in employee engagement. I have talked about a tool that you may find useful and it is Peter Block’s Conversation for Change. I hope I have effectively argued my case.

It has been wonderful to receive your hospitality, and I have always been a big admirer of ITC. I am enjoying my interactions with you.

Thanks,

Vivek Patwardhan