

Regenerating organizational strength the employee centric way

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Abstract

Purpose- The aim of the paper is to understand the ways and means to create value and deliver it through employees. It attempts to explain how people centric initiatives which look beyond machines and reaches out to people is instrumental in creating a profitable, harmonious and vibrant organization.

Design/Methodology/Approach- A case study illustrates strategies of a transformational leader to turnaround an organization whose survival was at stake with the help of employees by unleashing their potentials and communicating the vision, goals, mission and financial health of the organization.

Findings- The paper presents practical case study material from Rourkela Steel Plant –an integral part of Steel Authority of India Limited. It gives a comprehensive picture of employee centric change interventions and reforms which was epicenter of the turnaround strategies and helped the organization in graduating to the path of recovery and growth after it was incurring heavy losses. A set of carefully designed workshops provided framework for involvement, motivation, engagement and gelling of people which led to the building of a customer responsive, quality conscious, responsible and committed organizational culture.

Originality/Value- This paper ascertains some of the key initiatives for value creation and delivery by involving the vital resources of the organization as illustrated by the case study. It demonstrates a number of practical tools HR professionals can utilize to create a vibrant organizational culture which facilitates free flow of ideas and taps the energy, commitment and imagination of the employees which would then be vehicles to increase productivity, profitability and performance of the organization.

Keywords – Value creation and delivery, People centric initiatives, Rourkela Steel Plant, Capacity utilization, Mass contact exercise.

Paper type - Case Study

Value for employees includes being treated respectfully and being involved in day-to-day work related problems. Employees also value meaningful work; excellent compensation opportunities; and continued training and development initiatives experienced by the organizations. When the organizations are undergoing a process of transformation and marching towards turnaround on an innovative pathway marked with milestones, the top driven initiatives brings about radical reform through liberating the mindsets of the employees from the sense of despair, overcoming their resistance and enthusing them to build a profitable, harmonious and vibrant organization. In today's world any programme for effecting change centers primarily on technology and systems. But, the visions that see beyond the machines and computer disks and reaches out to people instead are successful. If the employees in the organization enjoy working together, they exhibit the "will to win" and gear themselves up to give their best; if they get opportunities to vent their suggestions to take the organization forward, improve their own performance on the job and express their hopes and aspirations; the people will be motivated to work for the productivity and prosperity of the organization. To create value for the employees, the organizational culture should be such that the employees should feel accountable for the non-performance /under performance. They must learn from each other, feel empowered to take remedial actions in their area of operation, innovate to solve problems and constantly focus their efforts on internal and physical actions contributing directly to the profit related performance. This in turn would lead the organization to have a highly motivated, satisfied and creative workforce which will be instrumental in creation and delivery of value to the customers and investors. This paper is an attempt to explain value creation and delivery through employees with the help of a case on Rourkela Steel Plant.

Rourkela Steel Plant (RSP), the first integrated steel plant in the public sector in India, was set up with German collaboration with an installed capacity of 1 million tonnes. Subsequently, its capacity was enhanced to 1.9 million tonnes. It is SAIL's only plant that produce silicon steels for the power sector, high quality pipes for the oil & gas sector and tin plates for the packaging industry. Its wide and sophisticated product range includes various flat, tubular and coated products. The plant was modernized in the mid-1990s with a number of new units having state-of-the-art facilities. Most of the old units were also revamped for effecting substantial improvement in the quality of products, reducing cost and ensuring cleaner environment. This case study centers on the period after modernization when the Plant was in dire straits for several successive years and the story of well conceived, carefully crafted 'change programme' of sustainable nature which fetched spectacular outcomes resulting in survival and revival of the organization.

The turnaround and transformation strategy that was formulated for rejuvenation of RSP can be used to distil management wisdom to develop employee centric programmes so as to facilitate the survival,

growth and sustenance of the organizations around the globe. The paper will use six components to build a logical sequence of events to explain the case. They are:

1. *Situation*: Understanding the challenge in front of the RSP
2. *Objective*: Setting objectives for turnaround
3. *Strategy*: Three pronged strategy
4. *Tactics* : Introducing people centric initiatives and reforms in RSP
5. *Action*: Interventions to improve the employee involvement and organizational culture
6. *Outcome*: Measuring the success of the strategic initiatives.

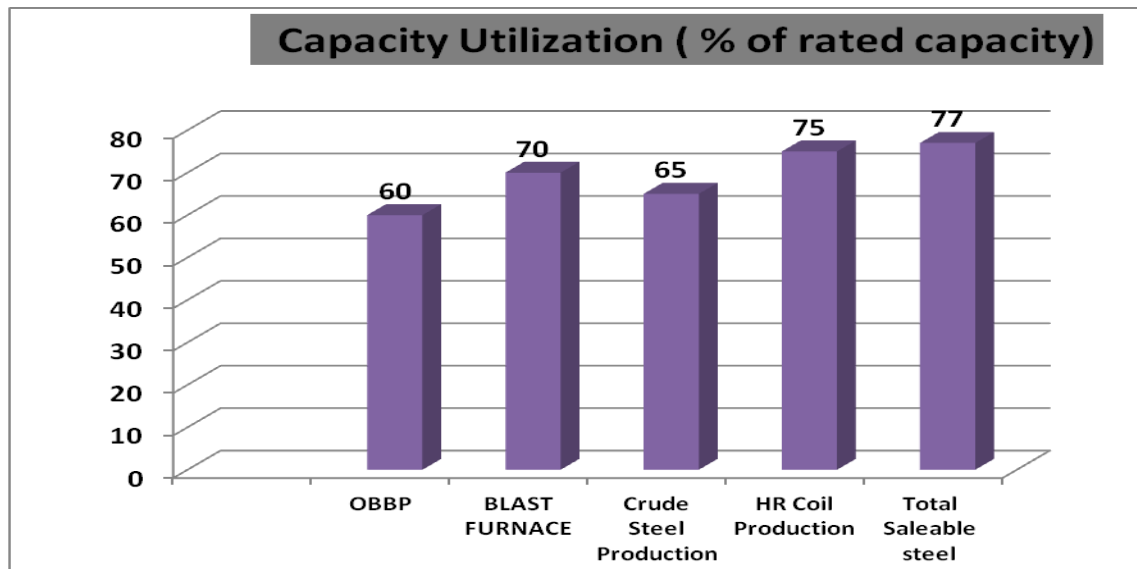
Situation: understanding the challenge in front of RSP

RSP is one of the unique steel plants under the Steel Authority of India (SAIL) umbrella with a wide variety of special purpose steels. In 1995, RSP went for modernization and by 1998 capitalizations of all the modernized facilities and equipments was completed. In this paper, the performance of RSP during 2001-2003, has been taken .At that point the plant stood at the crossroads , weighing down with recurring losses and defying all efforts to reshape its future. At that juncture, the Indian as well as the world steel markets were in the throes of several problems like overcapacity, stagnation in the steel consumption, fierce competition, restriction on the exports and above all about 20% to 25% drop in the NSR (net sales realization) of steel products as compared to the previous year. Apart from these generic problems, the RSP had some added agonies in the form of interest and the depreciation arising out of massive investments in the modernization, substantial payments made due to wage revision and Voluntary Retirement Scheme and exorbitant rise in the cost of vital inputs. In summation, the very survival of the RSP was at stake (“Under the magnifying glass”, RSP, 2005).

One of the main problems at RSP was low capacity utilization both in the modernized as well as other units- see Figure 1.

In May 2001, a change took place in the leadership with the arrival of new Chief Executive. He proved to be a transformational leader with SMART (specific, measurable, attainable, realistic and time bound) objectives. Due to lack of performance during previous 5 to 6 years, he had to find answers to the situation by treading new paths. He took up the challenge to transform and turnaround RSP by constructing a programme spread over a three year period to achieve this objective.

Figure 1 Capacity utilization in primary process areas



Source: RSP regeneration of strength with people

Objective: Setting objectives for turnaround

The chief executive started a people-centered transformation programme called ‘regenerating strength with people’. This programme was started with the conviction that people are the most powerful force in moving an organization forward. The guiding force behind imbibing the collective strength amongst employees during the time was to focus on:

- *Employee motivation and employee pride*
- *Sense of ownership and shared leadership*
- *Environmental relations and organizational change*
- *Development of organizational image*
- *Strengthening the communication system and allowing free flow of ideas*
- *Plant maintenance and equipment health*
- *Small investment schemes for maintaining current operations*
- *Sustained operation and consistent production*
- *Strengthening secondary streams of cash generation*
- *Operational and purchase cost reduction*
- *Sustaining the benefits of the programme*
- *Enhancing gross margin and net sales realization*

Strategy: Three pronged strategy

The three pronged strategy was developed for organizational development with emphasis on organizational survival and growth. The basic aim of the strategy was to itch in the subconscious of the people the main agendas for rejuvenation. The strategies were to:

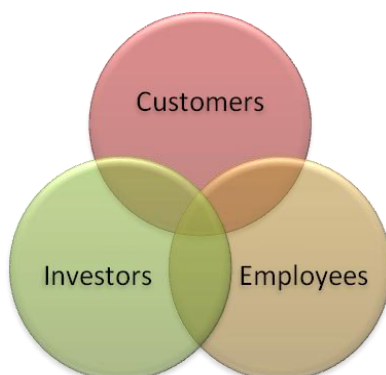
- *Maximize the volume of production*
- *Cut down cost and minimize waste*
- *Retain market share of products through improved quality*

Tactics: Introducing people centric initiatives

The customer of today has many alternatives to choose from and is more informed than the past. For them value is low price, value is whatever they want in a product, value is quality they get for the price they pay, value is what they get for what they give. But, companies can innovate and deliver outstanding service only if they tap the commitment, energy, and imagination of their employees. Value must therefore be created for those employees in order to motivate and enable them. Creating value for investors means delivering consistently high returns on their capital. This generally requires both strong revenue growth and attractive profit margins. The three stakeholders in the business environment have cyclical effect on each other and are equally important- see Figure 2.

Therefore, the tactics was to involve people, communicate with them through various workshops, be instrumental in building cohesiveness in the organization, cut down none productive activities and in the process facilitate the free flow of innovative ideas and suggestions to improve the financial health of the organization.

Figure 2 Building blocks of value creation and delivery system

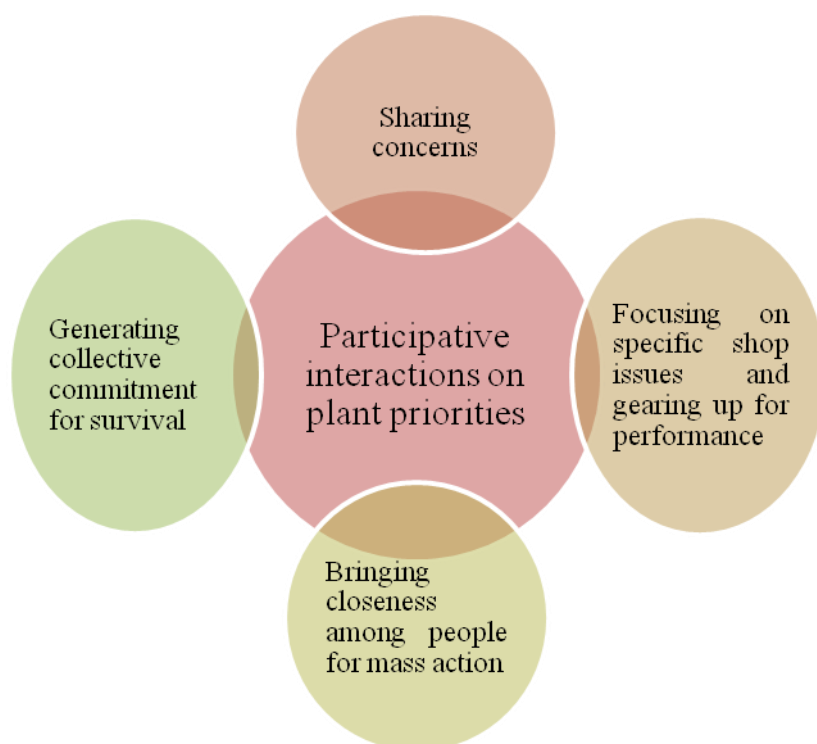


Source: Authors Own

Action: Interventions for employee involvement and organizational culture

This programme ‘regenerating strength with people’ was remarkable in corporate history that workshops were planned to cover the entire workforce numbering nearly 26000 employees. The workshops were organized with the intention to share concerns, focus on the shop issues and gear for the performance, bring closeness among people and generate collective commitment for survival and growth (Figure 3). For these participative interactions on the plants priorities, several workshops organized to educate the employees were:

Figure 3 Regenerating strength with people



Source: We make a difference HRD Centre, Regenerating strength with people, Our Samskar Our Mission, Pg. no.18.

The aim of the programme was to create awareness among the employees through appropriate means of communication. The workshops created an urge among the employees to work together as a family by inducing organizational citizenship behavior. In order to achieving the purpose, various workshops organized were:

1. Workshops for sharing the concern

The turnaround strategy started with the workshops for sharing the concern which was a vital process for ensuring that employees were updated with the financial results of the plant and sensitized towards the implications of specific activities that caused loss of revenue/cash. The grass root level workers whose

contributions had direct impact upon the performance of the plant were targeted for this information sharing exercise. The insight into monetary loss in the techno-economic factors, lower net sales realization for the specific products, shortfalls of performance in the individual shops such as delay in production, downtime and adverse trends in various related indices of performance helped in arresting the revenue and the cash loss.

2. Internal customer- supplier workshops

It was a unique exercise to bring together inter-related departments on a single platform. The purpose was to bring about better inter departmental co-ordinations and sort out various internal customer problems that led them to mutually appreciate each others requirements and constraints. The discussion between the upstream and the lateral supplier departments led to the departments exploring the solutions of the various problems coming in the way of fulfilling various targets and priorities.

3. Specific issue-focused participative workshops

Surprises like mal-operations, breakdowns and fires had become a major problem hindering the continuity of operations, increasing the agony of the employees. To overcome these stumbling blocks, specific issue-focused participative workshops were organized to suggest improvements in their areas of working and arresting the revenue/cash loss. These workshops succeeded in reducing the distance between the minds of the employees and brought about closeness. The synergy of the collective problem solving facilitated by the interactions started showing the results.

4. Mass contact exercise

Another major strategic decision was to produce against firm orders. A mass contact exercise was commenced that has never been witnessed in the corporate history anywhere in the world. This exercise which covered more than 23000 employees reaffirmed their commitment to the survival and future of RSP. This type of interaction synergized people towards taking upon stretched goals through collective resolve. Each session highlighted the issues and priorities critical to the survival and future of the plant. The hindrances and obstacles in the path of RSP's progress was identified and discussed in these workshops. The employees resolved to go back to the shop floor and perform. Grievances turned into suggestions, blaming turned into introspection and each and every employee was eager to contribute to the well being of the Plant.

5. Workshops for improving departmental performance

Considering the ambitious growth rates envisaged in the performance plans, it was important that every department worked at its peak. Keeping this in mind, workshops for improving departmental performance

were also initiated in which the managers and workers jointly came forward to present the action plans. This intervention created ownership of targets and commitment to enhance performance.

6. *Energizing young executives*

Interactions were also facilitated between the then managing director (MD) and new management trainees, newly promoted functional executives, front line executives, etc. to explain the special roles these people can play to achieve RSP's action plan.

7. *Building leadership capability*

It was also introduced to establish leadership at every level in the organization. Everyday leaders like shift in charge, senior and middle level executives and non-shift in charge were identified, supported and nurtured to provide the long-term strength to the organization. These sessions aimed at emphasizing upon the five dimensions of leadership- creation and sustenance of peaceful work environment, empowerment of the people who work with them, attaching highest value to human value, teach and guide people to treat equipments and machinery with utmost care, convince people to work together as a family keeping in mind the goal of the organization.

8. *General managers communication meeting (GMCM)*

This was a departmental level forum where general manager spends time to communicate departmental plans to achieve targets and kind of team effort required to achieve the targets indicating the specific role each one has to perform. In these meetings tasks before the department, performance against tasks, key areas of concern, preventive maintenance needs, safety and work practices issues were taken up. This forum laid foundation for many innovative jobs undertaken in the departments which had tremendous impact on the overall performance of the unit.

9. *Employee driven reforms*

Unprecedented reforms in the steel plant's history took place and epicenter of the reforms was the employees themselves. The winning solutions to issues like work culture, shift change delays, entry and exit of non- employees, welfare facilities, house keeping and safety came from employees themselves. Direct reporting system was started which helped to reduce the shift change delay in many departments and helped in making more man-hours available for work. The gate pass for labour and visitors were issued to address the issue of presence of undesirable persons on the shop floor. From the areas where there were not enough jobs, the employees were redeployed willingly to different units where they had the scope to use their skills. The priority was also to improve the quality of work life. Welfare facilities

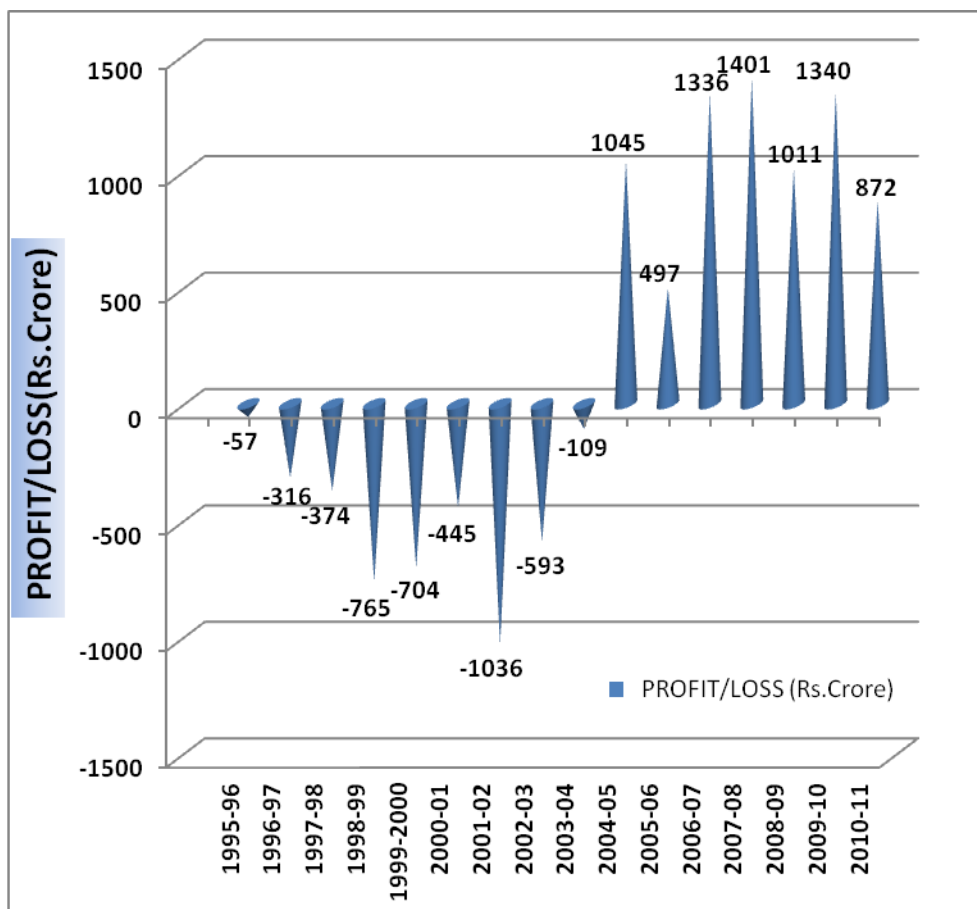
like Canteens were whitewashed and cleaned. The conservancy system was revamped. Massive tree plantation inside work area was launched.

Outcome: Measuring the success

Rourkela Steel Plant's journey from financial year 2001-2002, when it was submerged in losses and surrounded by seemingly insurmountable problems to the performance at the end of the fiscal 2003-2004 and thereafter was because of the creation of awareness, desire, knowledge, attitude and reinforcement system (ADKAR) among the employees . In this way, there was a sharp paradigm shift from the conventional transformation efforts.

- The Profit /loss statement between 1995 to 2002 shows that RSP was struggling for survival as profitability got eroded and it started incurring huge losses. But once the programme “regenerating strength with people “was implemented in 2001, the employees worked proactively to turnaround the organization which would have otherwise become sick. The programme helped to improve the micro environment of the RSP. Favorable macro environment further aided the organization to become ‘Pride of India’. The data related to Profit / Loss reflects the effectiveness of the interventions- see Figure 4.

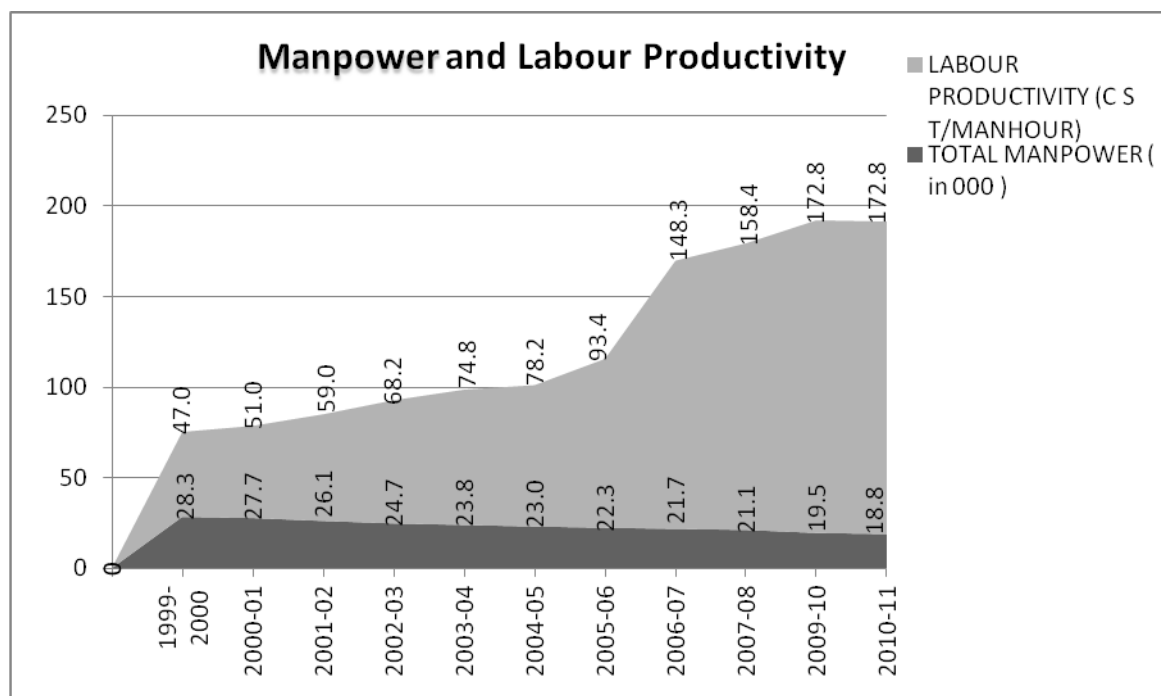
Figure 4 Profit / Loss of RSP during the period 1995-2011



Source: Annual statistics 2010-2011, RSP, Rourkela, SAIL.

- Moreover, it can be inferred from the labor productivity statistics that productivity dipped during the period 1999-00 but rose again, once the people centric programme was implemented although there was gradual reduction in manpower. Today, it is three folds of what it was in 1995- see Figure 5.

Figure 5 Manpower and labor productivity



Source: Annual statistics 2010-2011, RSP, Rourkela, SAIL.

- It was a matter of great significance that all modernized units started operating at **100%** or more capacity utilization.

Concluding observation

This organizational change strategy of involving the people, engaging and motivating them helped in inculcating organizational commitment and led to increase in productivity, profitability, performance, efficiency, effectiveness, loyalty, accountability and sense of ownership. The culture of the plant improved and so did the climate. The suggestions of the employees generated during the interactions led to improvements in the following areas:

- Performance by departments towards achieving capacity utilization
- Reducing the cost of production
- Improving the techno-economic parameters
- Innovative modifications in the operational and maintenance Systems
- Preempting surprises in the form of breakdowns/maloperations of the machines and equipment health.

- Strengthening the good work practices and shouldering more responsibilities
- Control of wastages
- Conservation of energy
- Improvement in the product quality
- Technological discipline
- Better customer Service
- Improved safety and housekeeping
- Competence enhancement

Thus, it can be inferred that the employees go beyond the call of duty and work for the profitability, survival, revival and growth of the organization through motivation, involved in decision making, feel appreciated and cared for which in turn helps in creating value for the customers and the investors. It then leads to renaissance in the organizations.

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