



**Proceedings of GLOGIFT 08**  
June 14-16, 2008  
Stevens Institute of Technology  
Hoboken, NJ, pp. 682-687

## EVALUATION OF INDIAN FIRMS ON THE EXCELLENCE MODEL

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### ABSTRACT

*The Excellence Models provide good evaluation mechanism for evaluating competitiveness of organizations. The Model evaluates on the basis of processes and performance of a firm. Processes form core to any business. An organization that has well defined processes tends to sustain its competitiveness in long run. A process focuses organization has better competitive advantage. In today's highly dynamic and competitive business environment, there is need to build organizations based on processes. The processes can be generic and industry-specific processes. More and more industry-specific processes becoming generic processes in globalization. Different organizations from different industries are learning from each other i.e. cross-fertilization of ideas is happening for adding more value to the business. Practices and processes that are specific to an organization today are being adopted by its competitor or even by another industry. This calls for organizations to build processes that can give them competitive advantage and continuously re-invent themselves. The paper primarily focuses on key HR Processes to build sustained competitiveness and evaluates the processes in three competitive software firms in India.*

**Keywords:** Excellence Model, Process Management, HR Processes.

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### Introduction

An organization that has well defined processes tends to sustain its competitiveness in long run. The competitiveness of an organization can be evaluated on many parameters. An Excellence Model helps in the evaluation of processes and performance of an organization. If an organization has competitive processes, good performance follows, in general. It has been proved, in industry and in academia that an organization that focuses on key processes has better competitive advantage. The processes can be generic and industry-specific processes. More and more industry-specific processes becoming generic processes in globalisation. Different organizations from different industries are learning from each other i.e. cross-fertilization of ideas is happening for adding more value to the business. Practices and processes that are specific to an organization today are being adopted by its competitor or even by another industry. This calls for organizations to build processes that can give them competitive advantage and continuously re-invent themselves.

### Excellence in Human Resources Processes and Practices

The small and innovative software firms in India are using various HR practice to help deliver value to their customers. In a fast changing technology and business arena, they have to use innovative practices to compete globally. Low cost and high quality is no more a competitive advantage for Indian firms. As Ulrich says, HR should address all the four requirements of the

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company, be it long-term and short-term, viz., as a Strategic partner, Change agent, Employee champion and Administrative expert (Ulrich, 1997). The three Software firms (codenamed A, B and C) focus on all these aspects in following ways. The HR in these 3 Software firms act as Business Partner with multiple roles.

HR as Business Partner = Long-term [= Strategic Partner + Change Agent] + Short-term [=Employee Champion + Administrative Expert]

#### **1. As Strategic Partner**

- Design HR strategy to align with business objectives
- Develop vision, mission and values with involving all employees
- Participation in decision making process
- Making mature processes (CMM, CMMI, PCMM)
- Project Management for HR to meet current and future needs (PMS)
- Knowledge management for involvement of all the stakeholders (Intranet)

#### **2. As Change Agent**

- Organizational effectiveness through consultation of top management, developing KRAs for action planning, assessment and review
- Designing systems and processes for minimizing errors and building capabilities
- Analysis of competencies (PMS)
- Long-term team and development of second line of management/ leaders

#### **3. As Employee Champion**

- Facilitating ESS (online)
- Promoting work life balance (informal/ formal meets)
- Coaching/ mentoring (360 degrees)
- Effective Communication with employees and other stakeholders
- Involving employees in a proactive manner
- PMS & review

#### **4. As Administrative Expert**

- Data base management
- Data reporting and analysis
- Improving recruitment process
- Facilitating employee to work effectively and efficiently
- Open and transparent policies in performance management

#### **The HR Model for Excellence**

The HR Model for Excellence is based on the European Foundation for Quality Management. There are **six criteria** on which an organization is assessed. Five are enablers and one is a results criterion. There are scores for each criterion and the total score is 1000 (CII, 2002). The various criteria and typical questions addressed by each are given below:

### Enablers

1. *Leadership*: How leaders develop and facilitate the achievement of the vision, mission and values required for long-term success and implement these via appropriate actions and behaviour and are personally involved in ensuring that the HR management system is developed and implemented
2. *HR Strategy*: How the organization uses the processes to develop and implement HR goals and objectives
3. *HR Practices*: How the HR practices/ processes support the organization in achieving its business goals and objectives and its journey towards business excellence
4. *Employee Education, Training and Development*: How organization's education and training support the organization's objectives, build employee knowledge, skills and capabilities and contribute to overall employee performance
5. *Employee Welfare*: How are the organizational work environment and employee support climate determine employees satisfaction, motivate them and foster well being

### Short Case Studies of Software Firms

The three firms studied and reported in this paper have following attributes. They are very dynamic firms and have able team at the top. The revenue figures are given for the financial year 2004. The bases of these cases have been taken from the author's past research (Ajitabh, 2003).

- *The Organization: 1 is Co. A*: It is a IT consulting company, founded in 1999, co-headquartered in New Jersey and Bangalore. It is a young organization with more than 1000 employees. Having started with e-business, it currently focuses on two businesses - IT services and R&D services.
- *The Organization: 2 is Co. B*: The firm came into existence in the year 2000. It is a wholly employee owned company providing IT peripherals products, solutions and printing services, a 450-employee company with a turnover of more than Rs. 250 crores. The vision of the company is to be the most Valuable IT peripherals company by 2005. In achieving this vision the company is guided by its values, which are Integrity, Human Values and Social Consciousness.
- *The Organization: 3 is Co. C*: This firm is a 3 yr old dynamic IT services company with strong leadership focused at ambitious growth of 50-70% per year through high customer satisfaction and ramping up existing customer relationships. The company is striving to emerge as a globally admired Indian corporate by 2006. The company has presence in US, Europe, India and APAC regions and employee strength of 700 with turnover of \$15 mn (2003-04). It has already achieved CMMI level 5 Certification, which is a record of sorts. An open and value-based culture with high employee involvement and motivation is clearly discernible.

### Leadership

1. The Chairman and Managing Director (CMD) and his top team have been personally involved in evolving the Vision and Values of the organization. These values have become the guiding philosophy for the organization and have been integrated into the key people processes of the organization. Top management has been facilitating open communication through a company-wide forum called 'All Minds Meet', atleast once in a quarter. While the feedback on effectiveness of leadership style is obtained on voluntary basis through 360 degrees

method, regular review by top management is not evident.

2. The Chairman and Managing Director (CMD) along with the senior members of his team evolved a vision, which has been personally communicated to the entire organization. The means to achieve this vision has also been clearly articulated through defined Value Systems (Human values, integrity and social consciousness). The top management has led the organization through these value systems to achieve the stated vision, and they have measured their effectiveness through a 360 degrees feedback process. While the vision and value system is articulated by the CMD personally, there is little evidence of involvement of other members of the senior management in this process. However, in its journey towards Business Excellence, the management has not drawn a clear road map and time frame to achieve this goal.
3. The leadership team of the company is involved in evolving the Company's Vision, Mission and Values and is personally involved in communicating the core purpose and values to employees. They maintain an open door policy, listen and respond to people actively. Also, a structured process exists to recognize team and individual efforts through awards like spot award and special contribution award. However, there is no clear understanding of the vision and mission of the organization amongst employees at all levels. There is no structured approach for leaders to review and improve the effectiveness of their own leadership.

#### **Human Resource Strategy**

1. The people process function joins the business strategy meets, one of the outcomes being the HR action plans linked to company's business objectives. These objectives act as thrust areas for the people process team for the relevant year. Co. A achieving the People Capability Maturity Framework (P-CMM) level-5 and Hewit's 'Best Employer' Survey helped the organization in improving their processes. It is not evident whether the process of HR strategic planning is being reviewed and improved.
2. The organization has a systematic process of evolving its business plan through 'Management Policy Flow (MPF)'; which in turn leads the HR dept. to link the KRAs so as to achieve the business objectives and competencies within the organization. The company's HR "action plans" are linked to the KRAs, however there is no evidence of a clear "strategy" for HR. Though there is a stated vision to be a 'People-Admired company', there is little evidence of an approach, action plan and time line to attain this objective.
3. The company strategic objectives have been identified. However, contours of a corresponding HR strategy are not fully delineated. Future HR strategies taking into considerations the market scenario and arriving at key factors to address them are not evident. Organization's journey towards Business Excellence vis-à-vis HR policies / strategies is not clear.

#### **Human Resource Practices**

1. People processes within Co. A have been very clearly integrated with the organizational values, serving as a filter for all its HR practices. This is also one of the key parameters for identifying potential business leaders. The top management holds detailed review, business wise each year to map the developmental plans of the talent group, including succession for critical positions. However, people practices do not appear to be compared with the best in class / industry standards.
2. Co. B has a unique approach wherein all the employees own the company through an internal stock option plan. The top management focuses on people policy improvements through a HR council. Specific attention is paid to "leadership competencies" and its impact

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on training and development of its middle and senior management. Though HR practices are mapped and monitored, yet there is a need for benchmarking such processes with those of the best-in-class standards in order to achieve desired levels of Excellence.

3. HR practices support performance management and motivate employees for higher performance. Automated resource allocation process, Leadership Meets, Everybody Meets are some instances of good HR practices. Some of the routine HR transactions have been identified and outsourced. However, practices relating to identifying key positions and developing successors for the same are not well evidenced. Effectiveness of various HR processes is not being reviewed. Measuring effectiveness of the recent improvements in HR practices is not evident.

#### **Employee Education Training and Development**

1. Training needs of employees are identified through a structured process and implemented by C2- Culture and Competence. Individual training is supported by a well-planned PDM process, which helps manage the performance, skills and careers of individuals. Knowledge management process is in place. Even though it was stated that Kirk Patrick Model is followed for assessing the effectiveness of training, little evidence of its regular deployment was observed.
2. The organization is committed to develop leaders from within the company and accordingly they train their middle and senior level employees through the Wining Edge and FLOW Programmes. The HR Department captures various needs for training and development the PMS/ company-wide KRAs and EPS. Attention has also been paid to improve the competence of all operators through a skilled matrix process. Though HR Department collects feedback on the training programmes, post effectiveness impact is not being systematically captured and improved upon.
3. Through processes such as Individual Development Program (IDP), employees' developmental needs are identified and used to design and administer suitable training programmes. The company does not have a process to determine requisite number and types of competencies in alignment with the business objectives and market scenario. There is little evidence of evaluating effectiveness of training and induction programmes. Training and Development's contribution to overall success of company is not being systematically assessed.

#### **Employee Well-being and Satisfaction**

The company has some unique practices for employee wellbeing such as special facilities for physically challenged employees, for women employees, with young kids a special room exists where workstations are combined with play facilities for children, sabbatical policy, and paternity leave. However, there doesn't seem to exist regular practice of health checkups for employees.

HR dept. captures the satisfaction and utilization of various benefits given by the management to its employees, through formal channels such as EPS, and encourages its employees to achieve the stretched targets in their respective fields of work. Even though some initiatives have been taken to balance work-life, there is still scope for improvements in this area. Similarly issues of diversity pertaining to gender, culture and geography needs to addressed in true perspective.

Through mechanisms like Fun at work, Everybody meet, Open door policy, issues pertaining employee well being and satisfaction are addressed. Though, Employee Satisfaction Survey (ESS) is carried out regularly, no process exists to validate the relevance of the factors / parameters that impact on employee well being, satisfaction and motivation. No process exists

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for aggregating and analyzing indicators like absenteeism and grievances to assess and improve employee well being, satisfaction and motivation. In the absence of this process, it is difficult for the company to identify priorities for improving work environment.

#### **Conclusions**

Organizations that have excelled in Business Olympics and gained competitiveness over the years are those who constantly focus on perception measures as well as performance indicators. They are in touch with their internal customers (employees) and external world also (customers). The performance measures and perception indicators are divided on the basis of HR Excellence Model. The 5 areas are: "Leadership", "HR Strategy", "HR Practices", "Employee Education, Training and Development", "Employee well being and satisfaction". The competitive organizations track these indicators and have a robust and formal review processes, at relevant level. The top management commitment and reassurance by the heads of departments help organizations in their journey towards Excellence.

#### **Acknowledgements**

The author wishes to thank the organizations that have provided data and information during the study.

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