



LEADERSHIP PERSPECTIVE FOR STRATEGIC HR INNOVATIONS

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ABSTRACT

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 the much needed tool for developing high quality products. 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. Indeed, the quality of individual leadership matters. Over time, the leader's capability is shaped by the top team's 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. They articulate a lucid sense of purpose, create effective teams, prioritize and sequence their initiatives carefully, redesign organizational structures to make good execution easier and integrate all these tactics into one coherent strategy. One prominent example of this approach to leadership is Procter & Gamble under Chief Executive A.G. Lafley. Leadership isn't rocket science. 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). Thus global organizations are increasingly recognizing the potential of their human resources in achieving competitive advantage. Since, this unique resource is enjoying facilities of IT, exposure to changing technology, easy accessibility to HR practices at global spectrum, this resource needs to be addressed with Innovative ever changing approach to tap on its potential with new shades of leadership viz: Wholesome Leadership.

Keywords: Strategic HR, innovative intervention, HR paradigm, competitive advantage, Wholesome Leadership, Strategic HR innovation

INTRODUCTION

The modern era is passing through fiercely competitive battled field business scenario. And in this environment HR performance driver assumes very significant role. In this fashion today the organizations increasingly looking at HR as a unique and valued asset that ushers in sustainable competitive advantage.

The fast changing breakthrough technologies increasing globalization, changing demographics of workforce, technological changes, IPR, etc leads to much more dire complexities as far as performance of the people is concerned. The organizations are made of strategy, people and finally performance. The final performance is the last criteria of any organization's success.

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 tenet.

The common constant factors for any organization are: leadership, free and open communication and decision-making. These parameters should be inherent, inbuilt and incessant in any organization. Organizations needs leaders who could not just "do things right" but also "do 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 plethora of motivation and morality.

Indeed, the quality of individual leadership matters. Over the tie, the leader's capability is shaped by the top team's 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. They articulate a lucid sense of purpose, create effective teams, prioritize and sequence their initiatives carefully, redesign organizational structures to make good execution easier and integrate all these tactics into one coherent strategy. Leading people, however, is much more of an art than a science. Great leadership is far more complex than especially when it comes to leading innovation. The art of Innovative leadership depends on willingness and ability to unleash/release the energy, ideas and talents that people can and want to pour into their work. The true and dynamic leadership must strive towards making a person, talent plus person.

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.

Christensen et.al. (1997, 2003) in his classic book “The Innovator’s Dilemma”. This book describes how organizations can create and sustain profitable growth by strategic HR innovations. The stark fact is that – there are no returns without risk – and the whole gambit of business strategy is to how to reduce such risks. This is the ‘Strategic Paradox’ and the vagary of the whole game. (Raynor, 2007)

In this paper strategic flexibility, strategic HRM and enhanced leadership model have been described for improved through-put of the organization. Even a dominant leadership model of Shackleton’s have been described for capturing better leadership tenacity in the organizations.

Also case studies of the two organizations of Indian Automobile industries have been suitably presented along with lessons learnt.

HUMAN RESOURCE MANAGEMENT

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.

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 manages personnel managers and 3 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.1, which is self explanatory, (Armstrong, 2008).

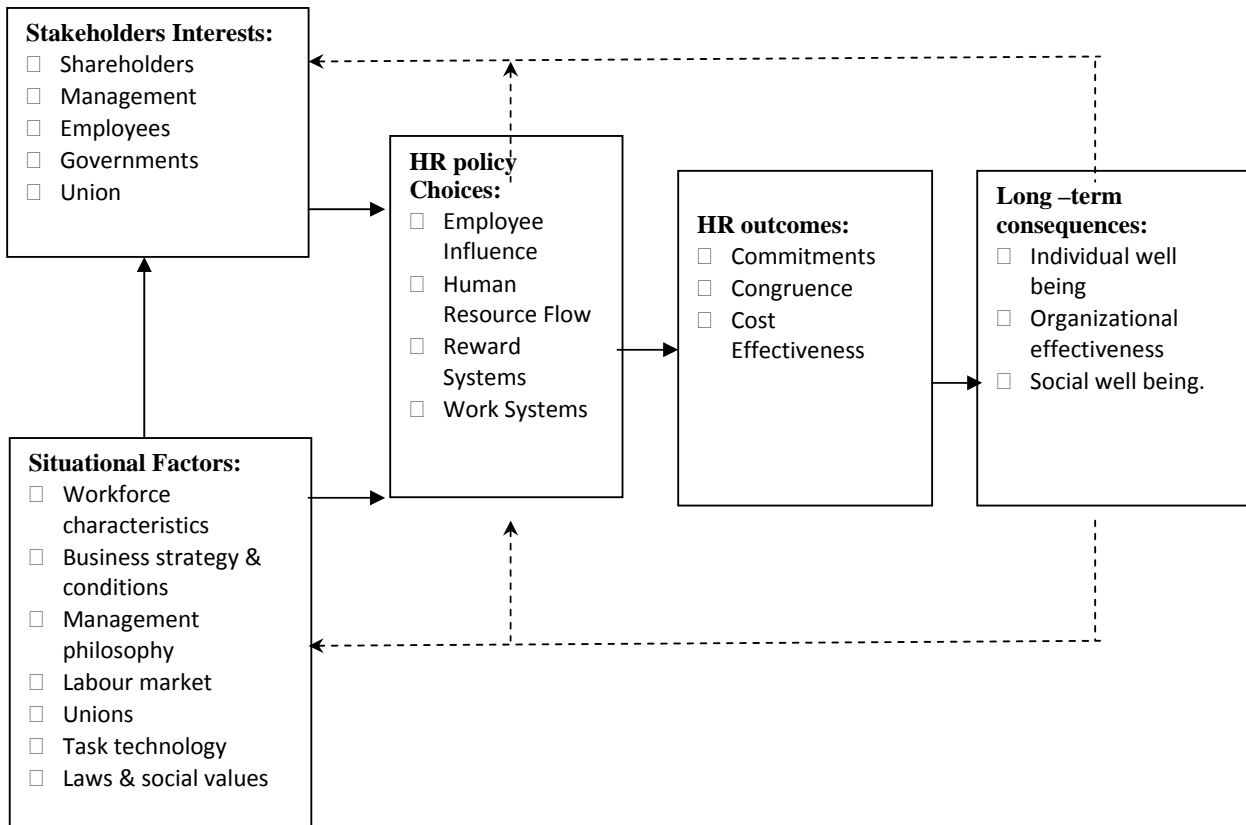


Figure 1: The Harvard Framework for Human Resource Management

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

MOVING FROM STRATEGY TO STRATEGIC FLEXIBILITY

World has become flat in this e-business era, wherein conversions and upheaval of information, are also ushering in more chaos in the organizations. As has been observed, strategy fundamentally deals with differences. In simplest form ‘strategy’ is a long-term plan of actions designed to achieve a particular goal, whereas ‘tactics’ is a short term plan of actions with resources (scarce) in hand (refer Fig.2 & 3). Tactics are the servant of strategy. The overall goal and the guidelines are set by the strategy. The idea of giving away something in order to achieve something much more important is one of the basic rules of tactics. A good tactician knows that he may have to retreat at times (De Bono, 2001). There are three basic dimensions of strategy: strategy process (Thinking, forming and changing); strategy content (various corporate levels) and strategy context (industry, organizational and international), culminating into organizational purpose (Bob de Wit, 2004). Strategy should have inbuilt and inherent

creative tensions (Senge, 1999), and creative flexibility (Pathak, et al. 2007), which should finally have the capability to cope with global technological changes for achieving competitive advantages.

Strategic flexibility can be defined as “an organization’s capability to identify major problems/ changes in the external environments, quickly mobilize 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”.

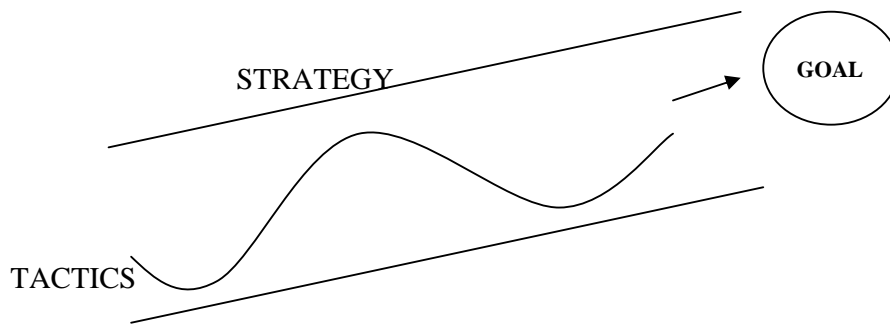


Fig. 2 Making Strategy a Continuous Process

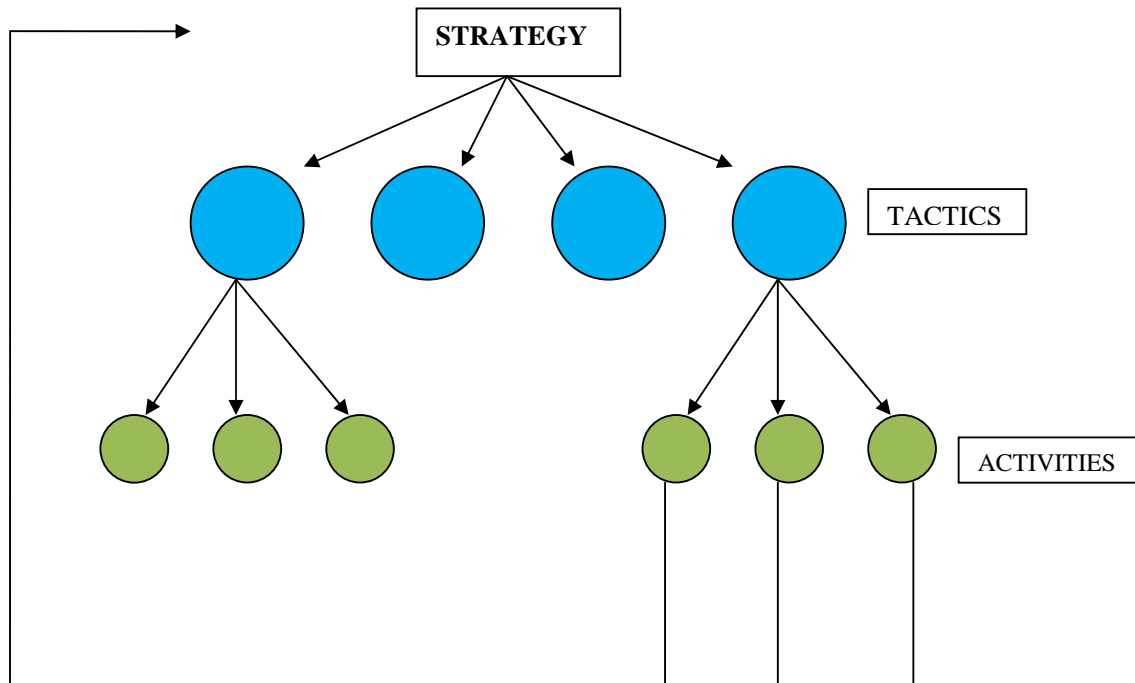


Fig. 3 Linkage of Strategy & Tactics

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, As per Becker, Huslid & Ulrich (2001) have simply emphasizes on Balanced Scorecard(BSC),(Kaplan & Norton,US,1996.) wherein human capital (intangible asset) is the foundation of value creation. 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 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”.

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 – $L = f(l, f, s)$. 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 and effective managers are invariably good leaders.”

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.

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. (Allio, 2002).

Leadership in other words, is equal to $V \cdot D \cdot C$, as shown in fig. 3. Also 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.

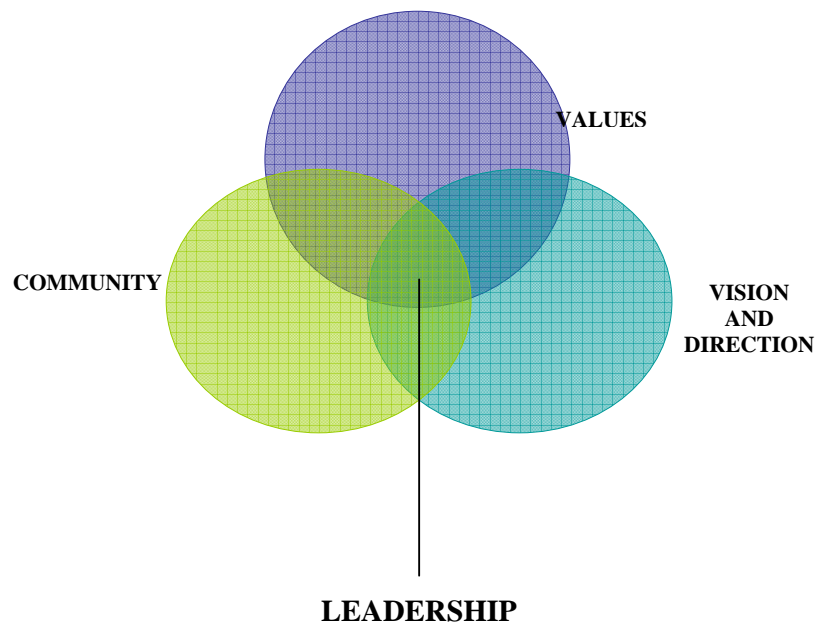


Fig: 4 Effective leadership Model, suggested as $V \cdot D \cdot C$

Shackleton’s (An Antarctic Explorer) Model of Leadership

(Source, Allio, Leadership – Myths & Realities, 2002)

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:

- Camaraderie 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, as Shackleton’s leadership model. (Pathak, 2009)

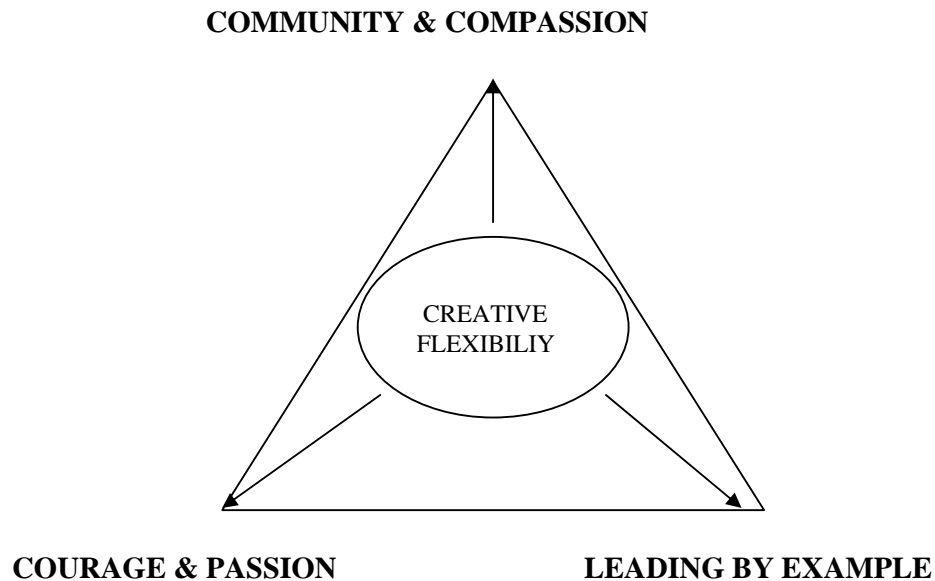


Fig.5: Leadership Model – Shackleton’s Way

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% & human relations 90% then leadership $L = 90 \times 90 = 81\%$. But again it is multiplied by character (90%) which is required today the leadership $L = 81 \times 90 = 72\%$ only. This makes a colossal difference, (Brady et.al.2005) the leadership efficiency with the character parameter has come down from 80% to 72%.

TRANSFORMATIONAL LEADERS

A dynamic leadership steers the nation towards the achievement of sustainable development. Leadership is the ability to influence colleagues, achieve desired results, and give purpose, clarity, and direction to an organization. Leaders can create an environment in which others are motivated to put in their best. Present times call for a new brand of leadership viz; transformational leaders. Society is transforming and moving rapidly towards a new age. Transformational leadership is associated with 3 activities:

- Creation of vision
- Mobilization of commitment

- Institutionalization of change.

Creation of Vision: A transformational leader articulates his intuitions effectively and prepares methodically for the future.

Mobilization of commitment: Transformational leaders make the vision happen. The focus should be on transforming the old economy mindset and creating a work culture and systems for new management. The mission must take into account the changing communication, decision-making, authority and performance processes.

Institutionalization of change: Transformational leaders translate their vision into reality, mission into action, and philosophy into practice. In these activities, leaders employ one of the 4 I's:

- Idealized influence
- Inspirational motivation
- Intellectual stimulation
- Individualized situations

The **transformational leader** motivates its team to be effective and efficient. Communication is the base for goal achievement focusing the group on the final desired outcome or goal attainment. This leader is highly visible and uses chain of command to get the job done. Transformational leaders focus on the big picture, needing to be surrounded by people who take care of the details. The leader is always looking for ideas that move the organization to reach the company's vision. Transformational leadership occurs when leaders and followers raise one another to higher levels of motivation and morality. They bring about change, innovation and entrepreneurship. To conclude, transformational leaders are few and far between. They emerge from the times and circumstances and all too often, from the ashes strewn around them. Commanding leadership and easy times rarely go together.

A transformational and creative leader should follow a 'Wholesome leadership' (Wakhlu, 2004) and conscious type spiritual leadership with passion (Chatterjee, 2002). The wholesome leadership is one which the leader is aligned with spirit, and he or she is one with Real self, and is, therefore, completely free." Herein, wholesomeness is dynamic balancing and spirit = the whole. Also, in wholesomeness, he/she becomes an agent of Existence who spontaneously facilitated the unfolding of love, peace, prosperity and abundance, in his or her own life, and in other people. The outcome of wholesomeness has a profound sense of peace and nothingness at the core, as also a deep sense of love, care and compassion. The wholesome leader is like an empty flute through which Existence is playing her tunes. It has astonishingly and amazingly a heavenly overall balancing system. The wholesomeness leadership is full of life as well as Force of life. They are loving in both a tender and a tough way. The spiritual leadership and 'wholesomeness leadership has the amazing power of developing global transformation of mind bogging dimensions.

STRATEGIC HR INNOVATION

Before we embark on Strategic HR Innovation let us see the definition of management innovation (Hamel, 2007):“ Management innovation is anything that substantially alters the way in which the work of management is carried out, or significantly modifies customary organizational forms, and by so doing advances the organizational designed goals.”

Innovation is interconnected with invention. In simple terms “Strategic HR Innovation,” is a process of experimental ‘HR Strategies’ which involves testing new, unproven, and significantly different answers to at least one of the three fundamental questions of strategy : who is your customer? What is the value you offer to the customer? How do you deliver that value?”

Discipline of Execution (Bossidy et.al, 2002) is the crux of an organizational excellence. And creativity as well as execution can be two essential building block of the strategic HR innovation. We have to be ahead of the technological benchmark obtaining all over the world as frontal loci. At the same time, today’s market place is characterized by rapid and non-linear changes. New digital technologies are transforming the service sectors. Nano technology and genetic engineering are revolutionizing the pharmaceuticals & semi-conductor industries.

When change is non-linear, as discussed above, an unpredictable, unanticipated - sudden accelerations takes place. It is difficult to cope with such changes comfortably and to that these strategic HR innovations provide solutions by co-creation value system, evolvability of design etc. (Christensen 1997, Prahalad, 2004) More detailed dealing of the subject is out of scope of this paper.

CASE 1: CEO A.G. LAFLEY AND PROCTER & GAMBLE (TRANSFORMATIONAL LEADERSHIP)

Once America’s most innovative consumer products company, Procter and Gamble (P&G) started by selling soaps and candles in a small Cincinnati storefront in 1837 (Procter and Gamble, 2008). After a hundred and seventy-one years P&G has grown to over one hundred household brands in over eighty countries. Their products range from air fresheners to prescription drugs. However, as P&G headed into the twenty-first century they announced that they would not be meeting their 1st quarter earnings forecast [Lafley, 2003]. Revenue margins were dropping and P&G was quickly losing market share to Kimberly Clark and Johnson & Johnson. After missed earnings P&G’s stock price fell from \$59.18 to \$26.50 between January 2000 and March 2000 (PG). Upset, the board of directors pressured then CEO Durk Jager to resign after a lack luster attempt at turning P&G around and replaced him A.G Lafley, an unproven CEO, whom analysts felt lacked the experience to give P&G a much needed clean up (Lafley,2003).

Before Lafley took over for Jager, P&G was stretched to the maximum, haplessly wasting away resources and opportunities with an overcomplicated business strategy. P&G was raising prices on their best selling brands to cover for missed sales and high production costs for new brands that failed to be a successful. They had hired too many employees and were involved in several investments that were unprofitable. P&G had not had a hit product since the launch of ALWAYS feminine products in the 1980’s and each additional product flop only stretched their resources thinner and thinner. Costs were high and moral low with employees not afraid to voice their lacking confidence with P&G’s leadership and direction. Subsidiaries were blaming corporate for their missed earnings and visa versa. Strategies between the brands at P&G clashed and each were out to safe guard their own interests. The prices of their consumer products were too high.

Since becoming President and Chief Executive in June 2000, A.G. Lafley has refocused P&G on consumer-driven innovation and consistent, reliable sustainable growth.

The Company has more than doubled sales since the beginning of the decade, and has grown its portfolio of billion-dollar brands - brands that generate at least \$1 billion in annual sales - from 10 to 23. On average, organic sales have grown 5%, core earnings-per-share have grown 12%, and free cash flow productivity has increased 111% since 2001. The Company's market capitalization has increased dramatically - making P&G one of the five most valuable companies in the U.S. and among the 10 most valuable companies in the world.

"A.G. Lafley has led the transformation of P&G over the past nine years," said Jim McNerney, presiding director of P&G's Board. "P&G is a far more consumer-driven, externally focused and innovative company than it was a decade ago. P&G's organization is world-class.

CEO A.G.Lafley has done the following:

- i) Interests of the company and of employees go hand in hand.
- ii) Provided global opportunities and early responsibilities, thus gives a feeling of empowerment.
- iii) While enhancing shareholder's value, employee interests are kept in the forefront.

Lesson Learnt: Also, the following leadership motivations were achieved.

- i) People are enthusiastic, willing to experiment with new ideas, and motivated and exuberant.
- ii) Employees are committed and strive to make work at P&G a great experience.
- iii) Employees describe it as 'a great place to work', 'has a strong caring for its people', 'has trust in us' and 'is a people company'
- iv) All initiatives at P&G are executed by the taskforce, with HR serving as facilitator's role.

CASE 2: AMUL: THE WHITE REVOLUTION IN INDIA UNDER THE INNOVATIVE LEADERSHIP OF DR. VERGHESE KURIEN

An innovative leader has to open the gates for creativity. They know they must define & constantly communicate the desired outcome & help people to figure out how to get there. Peter Drucker, management guru, educator, and author puts it succinctly, "Every organization needs one core competence: innovation". Innovators must develop perpetually innovative, people-driven organizations. They must create, foster, harness, and apply the collective intelligence of the organization, the intellectual capital to create competitive advantage.

Dr. Verghese Kurien (born November 26, 1921 at Kozhikode, Kerala) is called the *father of the White Revolution* in India. He is also known as the *Milkman of India*.

Career:

Dr. Verghese Kurien was posted as a dairy engineer at the government creamery, Anand, in May 1949. Around the same time, the infant cooperative dairy, Kaira District Cooperative Milk Producers' Union Limited (KDCMPUL), -- now famous as Amul -- was fighting a battle with the Polson Dairy, which was privately owned. Young Kurien, fed up with being at the government creamery, which held no

challenge, volunteered to help Shri Tribhuvandas Patel, the Chairman of KDCMPUL, to set up a processing plant. **This marked the birth of AMUL.**

India's first Prime Minister Jawaharlal Nehru visited Anand to inaugurate AMUL "factory" and he embraced Dr. Kurien for his groundbreaking work

The White Revolution:

Kurien also set up GCMMF (Gujarat Cooperative Milk Marketing Federation) in 1973 to sell the products produced by the dairies. Today GCMMF sells AMUL brand products not only in India but also overseas. Dr. Kurien and his team were pioneers in inventing the process of making milk powder and condensed milk from buffalo's milk instead of cow's milk. This was the reason Amul became so successful and competed well against Nestle who only used cow milk to make powder and condensed milk. In India buffalo milk was the main raw material unlike Europe where cow milk is abundant.

Dr. Kurien has since then built this organization into one of the largest and most successful institutions in India. The Amul pattern of cooperatives had been so successful, in 1965, the Prime Minister of India, Shri Lal Bahadur Shastri, created the National Dairy Development Board (NDDB) to replicate the program on a nationwide basis citing Dr. Kurien's "extraordinary and dynamic leadership". The business model thus had to include low cost high quality operations, low margins at retail and distribution ends and high level of sharing of profits amongst the suppliers, i.e., the farmers. This led to the evolution of the "Anand Pattern" – a management style, named after the city where AMUL is located, that incorporates the above requirements in its strategy and uses a variety of mechanisms to implement its strategy with a single purpose of aligning the goals of the consumer with those of the suppliers.

Lesson Learnt:

- Inspiring Leadership and Consuming Values
- Building Networks
- Coordination for Competitiveness
- Technology for Effectiveness
- Training for Transformational Leadership so that individuals are able to control their thoughts, feelings and behavior and take more responsibility in one's life and surrounding environment.
- The AMUL example demonstrates clearly that building of robust networks and developing decentralized capabilities cooperatives, wherein farmers (milk-sellers) were benefited from the middlemen leading to success in large, fragmented markets.
- It is also interesting to note that supplier development was achieved through a process of education and social development activities - activities that are not usually considered to be standard business practices. This type of 'out of the box' vision is essential for developing innovative mechanism in new, unfamiliar environments where traditional practices of west may not be successful.

CASE: 3 LG INDIA

The LG story is a true tribute to the globalization drive and how the Korean and Indian cultural confluences have achieved a great success story in India.

LG Electronics India (LGEL) picked up the gauntlet in 1997 and in less than a decade, achieved market dominance in a host of consumer durables. In this time frame it has achieved an annual turnover of about US\$2 billion over coming all obstacles and blazing a new trail of high performance.

LGEIL has competition yet it has managed to become one of the most admired companies in India through innovation. LGEIL has implemented the three principles i.e.

- i) Companies' values and a clearly defined strategy are important for continual growth. Consistent HR systems, focused on employee's thoughts and actions and organization management methods in line with top managements business philosophy.
- ii) Regardless of nationality and location, companies must secure top talent so the right people are in the right places, so that employees can realize their full potential and increase the level of global talent management.
- iii) HR must be the first to change. HR must have a role in execution, a creative strategic role, and must play a role in balancing the short and long term points of view of a company. Thus, HR must become a 'Strategic Business Partner' in helping companies achieve their business objectives.

SCENARIO BEFORE 1997

Before 1997, LG had made two concerted attempts at penetrating the Indian market. The first was joint venture with Beta vision and second a joint venture with a Birla Group. Unfortunately, both met with miserable failure.

SCENARIO AFTER 1997

In March 1997, K R Kim, the President & CEO of LGEIL who was then serving in Panama was called to India to spearhead the Indian Operations. Also Dr. Y V Verma has played a vital role in the strong growth at LGEIL since he joined in 1997 as the HR Director. (Verma, 2007).

FAULTS AT LG

- i) The Company's biggest fault was that it did precisely what other white good brands were doing.
- ii) Some half-hearted advertising
- iii) Pushing the products only when the consumer entered the store.

5 MONTHS LATER

- i) LG products were available across the country, compared to the average two years competitors took for a nationwide launch.
- ii) Constant monitoring of the sales processes, CRM tools and review of their effectiveness, especially in a changed market environment.
- iii) Implementation of new processes before someone else comes up with a more effective CRM tool.

ESTABLISHMENT OF A BRAND NAME

- “LGEIL” has always had a strong portfolio of products viz: Colour TV, air conditioners , washing machines, refrigerators, microwave ovens, mobile phones, three versions of LGEIL TV : Plasma, Flatron and normal.
- “Affordability”, “Availability” and “Quality” have made customers loyal to a particular brand.
- LGEIL’s Association with the Indian Cricket team has helped them carve a special niche in the hearts and minds of every Indian.
- With respect to rural marketing branch offices were set up in remote places as Rourkela, Guwahati and Jorhat. So that they could develop a presence in the interior, in rural areas where 70 % of the Indian population lives.
- Initially LGEIL marketing campaign centered on product setting, technological superiority & feature base. After about 1 ½ - 2 years, the campaign focused on “Health” program .
- LG believes that the Indian consumer is evolving slowly in terms of lifestyle, preferences and choices and is always on the look out for something new to experiment with. “Based on the changing trend our future strategy is to develop technologies and products which would suit the needs of the Indian consumer,”

LESSON LEARNT

- Forward integration is the main goal of LG.
- New market consolidation should be attempted.
- Service reinforcement for better consumer angle has been the aim of LG.

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 its productivity and organizational excellence.

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.

There is overwhelming evidence that progressive HR practices improve business performance by helping to ensure that an organization has the skilled, flexible, motivated and committed people it needs, and by improving job satisfaction, motivation, and commitment to encourage productivity and hence profitability. Thus to achieve maximum benefit in terms of competitiveness and business success, organizations should ensure that their management practices are facilitated by an HR function whose members operate proactively as strategic business partners who can draw up a convincing business case for innovations that will add value.

CONCLUSION

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.

The transformational leadership and strategic HRM have been brought out in the paper. The strategy, strategic flexibility and Strategic HR innovation have been briefly discussed for HR leaders to exercise full productive control of the products of the organizations. Finally, Shackleton's leadership example also has been cited for achieving the maximum throughput of the organizations. In this paper strategic HRM, strategic flexibility, strategic leadership and core competitiveness have been briefly discussed to bring out the performance excellence in the organization.

Also, three case studies of AMUL, LG and P&G have been discussed briefly & suitably presented. At the end, it is hoped that the present paper will evince keen interest among erudite readers for further research work.

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