

HUMAN FACTOR IN FUTURE

A CHALLENGE OF THE CHANGE

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OUTLINE

O *THIS* paper is based on a basic hypothesis that people's behavior change with the changes in their surroundings and the atmosphere. People involved in the process of production, be it any sector, agriculture, industry or service, have been taken as prime players. But for discussion here emphasis is given to the people involved in Industrial and Services sector. The study of Information Technology is not going to remain a buzzword any more because it would be something on the agenda of everybody, every common being. Because of excess human potential involved in the agriculture area our overall GDP growth might not been as favorable as it should have been. But the shift from Agriculture towards Industry and Service sector has been quite remarkable in the last decades. Unlike the organizational people of present time, the future is going to experience change in people's behavior, change in their value system, in their life-style and altogether we are going to witness the existence of an *organizational man*, a well informed and more mechanical man. No more a man of 8 to 5 or 9 to 6!

People are going to behave differently, their value system is going to be different and there is a possibility that we see an organizational as well as a *Conflicting man*. At times, he is going to be a purely selfish man and on a contrary he is going to be more social within the close-knit circuit of its own people. He is going to be more charitable and even more spiritually influenced and guided by religious beliefs. Multiculturalism would be nourished by the organizations, and inter-relationship among organizational people is going to be more important. In the world of Instant Noodles and Fast Food culture competitive attitude is going to rule. Breaking the rule is going to be the order of the day.

How should organizations respond to this change? Would the organizations resist or mould themselves accordingly? Where do we go from here? Or can the organizations afford to live in isolation and be a silent spectator?

These are some of the questions which have been addressed and discussed at length beyond boundaries. It is expected that this paper would be able to have good discussion and would evolve thought provoking ideas.

What Do Employees Do? Their Role

Employees play very important role in the life of an organization. They make organizations, they give life to them, and they help organizations to convert available resources into a profitable venture. As, an organization is an artificial person, it requires people to work and without these people an organization can not perform for its mission. The role played by the people or employees is so crucial that they can even convert a profitable unit into a bankrupt unit and vice versa. Employees should be trained to perform for the interest of an organization.

Sir Richard Greenbury, the Chairman and Chief Executive of Marks and Spencer, a company which supplies Britons with a quarter of their suits, almost all their bras and a third of their sandwiches, has discovered how much corporate governance matters when things go wrong. He did not welcome changes and believed in the

traditional set of organization without adapting changes taking place in the other corporate entities. He paid for that – “The nub of the problem is the company’s inward-looking culture. The group has been held back by Sir Richard’s failure to take competitors seriously enough and by his resistance to criticism: stitched on to a cushion in his office are the words, “I have many faults, but being wrong is not one of them” – a joke perhaps, but close the bone all the same. Taking their lead from Sir Richard himself, M&S executives have failed to understand much of what is happening outside their green-and-white shop window, let alone Britain’s borders (Economist, 1998).

The role played by Sir Richard in M&S was a model for other executives and in a way they were to follow him. The share prices fell down sharply and the competitors got the time to settle in the market. The approach of different individuals towards different organizations would be different and resultantly the results would also be different. One person in an organization can influence others positively as well as negatively. Therefore the team members have to always think about the interests of the organization and must give their feedback to the group leaders or superiors. This difference in their approach whatsoever is expected to provide positive results for the organizations. Exceptionally sometime it results negatively as well and the individual is faced with the traumas of organizational career graph. It is the people and their approach which makes all the difference in an organization. Bad employees in good organizations and the vice versa can not expected to be a good combination of team as the role played by the employees is going to decide the future of the organization.

Why Do They Change?

Change is inevitable and a welcome phenomena so far it does not disturb the basic structure of one’s approach towards the organizational goal. The benefits one derives through servicing the organization might also have a reflection on the change in one’s attitude. The change in the attitude and approach is very difficult to judge and foresee. Sometimes in some organizations the changes are introduced and the employees are induced to the changed environment. The style in which an organization has to address to the future demands of the customers would certainly need to be changed to be their in the market.

The employees change because of their needs and aspirations, because of the change in time, because one does not want to be out of the race, out of the fashion and out of market as well. They change their style of functioning because if they do not, they might have to suffer with the phenomena of ‘out of date’ or obsolescence.

In 1995, Michael Hammer and James Champy (Hammer and Champy, 1995) predicted that ‘the need for middle managers will decline and the few managerial jobs that will remain will have three flavors – none of which has much of anything to do with a traditional manager. One I (Hammer) call a process owner. It’s really a work engineer, who’s concerned about filling work orders, designing products. The second is a coach – teaching and developing people. The third kind is the leader, who primarily motivates – creates an environment where people get it done. Hardly any of our existing managers have any ability to do any of those things, or the inclination’.

Rosabeth Moss Kanter (Hersey, Blanchard and Johnson, 1998), a professor at Harvard Business School, foresaw this new world when he wrote ‘The 1990’s will be an era of action and activism, when the implementers will finally have their day ... The major challenge management faces today is living in a world of turbulence and uncertainty where new competitors arrive on the scene daily and competitive conditions change. We can no longer count on a stable world that is unchanging and unvarying and management accordingly.’ We have experienced the foresight of Kanter and seen what 1990s have done for us, for the business and the organizations. The structures have been changed and the attitude has changed towards work. The traditional clutches of belonging have surpassed the expectations and imaginations. The market has become a battlefield for the competitors and the organizations have responded quite positively as a whole.

How Do They Change?

Hundreds of years ago, serfs had no power; kings and queens had all the power. Their positions gave them ultimate authority. For years, managers were almost like kings and queens. They could make all the decisions. If they did not like the way you looked or way you combed your hair, they could fire you, and workers could do very little to stop such arbitrary action. Today, that is no longer the case (Hersey, et al). Today there is a fresh breeze

of freedom and an spirit of being a high achiever. The freedom to think and act has given a new dimension to the industry and business. Step by step the interdisciplinary play and supporting roles rather than interfering roles have emerged and the organizations have benefited at large. The information technology has brought about lot of changes in the working culture and tried to throw away the boredom of work with the enthusiasm of the young working force. The industry is worried about this over enthusiasm and little skeptical about its future also. The next decade might bring boredom to the people who are working in front of the computer monitors for several hours a day.

Famous BI-weekly Fortune (Fortune, 1998) had “*21st Century Fox Rupert Murdoch builds a global media empire by breaking all the rules. Now he wants to sell you a piece of his future*” as its cover story in October 1998 issue. Rupert Murdoch who owns 21st Century Fox Company is really behaving like a fox. A fox of the future. Dell Computers is going direct and successfully secured Fortune’s 4th position amongst the America’s 10 Most Admired Companies (Fortune, 1999) for the year 1999. Vice Chairman of Dell Computers, Kevin Rollins says ‘*Our only religion is the direct model*’ (Fortune, 1999). Dell claims that it can make and deliver a computer within 24 hours of receiving order. Five star Chef, Sanjeev Kapoor ‘*the first Indian chef to sell his name as a brand across the world*’ (Business Today, 1999) has shown the world that cooking is one of the important area where there is going to be good competition and the brand creation in this area is going to be preferred by the professionals.

Peter F Drucker, CK Prahlad, Deepak Chopra, Philip Kotler, Bill Gates, Shiv Khara etc are some of the human beings who have made difference in the field of management thought. Looking beyond the boundaries of traditional management concepts evolving and designing new peripheries of achievement have become an order of the day for most of the people in organizations.

The organizations themselves with the help of researchers and academicians have evolved certain management techniques quite unique to their institutions and these special type of techniques have resulted very positively. The principle of Compass Management has yielded good results at LEGO which allows every employee to be flexible, especially when it comes to time-related actions. Being accountable only to themselves, LEGO’s people are compelled to turn organizational objectives into personal goals. So, their focus is not on following instructions, but on achieving their goals. Thus it is that, by September, 1998, LEGO’s 4 member team of sales managers were 20 per cent ahead of their growth-target of 60 per cent (Business Today, 1999).

So the employees are changing in different ways and their attitude is changing for the better of the industry and the organizations they belong or for their potential organizations. The human factor as a whole has used all the available opportunities to respond to the changes in the organizational policies and priorities. According to the demands of the market the students are choosing their areas and trying to fit into the available market slots. New areas are emerging everyday for the workforce and the individuals are trying to explore the possibilities of getting into them.

What Do They Expect?

The prestige motive is evident in our society today. People with a concern for prestige want to “keep up with the Joneses”; in fact, given the choice, they would like to stay ahead of the Joneses. Vance Packard and David Riesman (McKay, 1959) probably had the greatest impact in exposing prestige motivation. Packard wrote about the status seekers and their motives; Riesman unveiled ‘other-directed’ individuals who were part of ‘the lonely crowd’.

What exactly is prestige? Gellerman (Hersey, et al) described it as “a sort of unwritten definition of the kinds of conduct that other people are expected to show in one’s presence; what degree of respect or disrespect, formality or informality, reserve or frankness.” Prestige seems to have an effect on how comfortably or conveniently one can expect to get along in life.

Prestige is something intangible bestowed upon an individual by society. In fact, at birth children inherit the status of their parents. In some cases, this is enough to carry them through life on “a prestige-covered wave” (Hersey, et al) People in organizations want recognition with the associated prestige. Their efforts to maintain prestige requires more hard work and sacrifice though the gain in monetary terms is very minimal still they work to maintain prestige. The organizations need to capitalize on it.

The organizations provide consideration against work in the way of money, compensation, salary etc. But it is the skill and talent of the people which makes them important for the organization. Therefore the consideration is for the skill and talent, not for the physical body of the person. People work for money. "Money is a very complicated motive that is entangled in such a way with all kinds of needs besides physiological needs that its importance is often difficult to ascertain. For example, in some cases, money can provide individuals with certain material things, such as fancy sports cars, from which they gain a feeling of affiliation (join a sports car club), recognition (status symbol), and even self-actualization (become outstanding sports car drivers)" (Hersey, et al). But in the changing environment of business *money* is not going to be the important factor and in future further it is going to take a backstage and the behavioral approach of the organizational head would be deciding the process of retention of good people. People do expect good salary but they expect better treatment.

Every employee would have his/her own value system at a micro level but when we look at it at macro level, it is something universal, which has to be adopted by all the individuals, whether he/she is an owner or an employee.

Equal pay for equal work is a directive for taking the decisions as regards to the salary package. But apart from salary the employees deserve acknowledgement for their good work, a pat on their back whenever necessary, a supporting hand and above all the trust and faith of the superiors. The rewards for the good work done and the acknowledgement plays much more important role than a regular increment in the package. John Garnett(Garnett, 1988) also feels 'that there is not a firm enough relationship between performance and salary increases. This often comes about because salary revision is carried out at far too high a level in the organization, with the result that the directors who know the salary policy do not know the individual's performance, and the supervisor who knows the performance is not involved in the application of the salary policy.' So the appreciation of supervisor works better than the increase in the salary.

Cheong Choong Kong, CEO of Singapore Airlines, was chosen for the award of Asia's Businessman of the year 1999, by Fortune (Fortune, 1999). He is a true believer in Teamwork. He started a system called "joint decision-making" where the employees participated in the process of decision making. He has been quite successful in creating pressure among employees for excellence. Few words of appreciation can boost an employee to perform his/her best in the interest of the organization. The employees do deserve your attention so one must lend his/her ears to the employees whenever required.

The organizations need to come upto the expectations of their employees by understanding what really the employees expect from the organization. In fact the corporate growth is possible only when there is professional growth of the employees. The employees expect that the organizations provide them proper opportunities to grow, in the absence of which they keep shifting from one organization to another, even when the salary package is same. The organizations must not forget that if they expect their employees to perform their best for the organization, the employees expect that the organizations provide them proper opportunities.

A Challenge of Change

The organizations and the individuals working in the organizations have a great challenge to deal with the change. The principle of dynamism and the theory of 'Ignore and Perish, Change and Cherish' have come to stay and the organizations have to respond positively to the changing environment. The challenge of change demands that the organizations become more transparent and open and the employees are given more autonomy. The institutions have to more concentrate on the quality of its people than product. "At highly successful firms such as McKinsey & Company, the processes and values have become so powerful that it almost doesn't matter which people get assigned to which project teams. Hundreds of MBAs join the firm every year, and almost as many leave. But the company is able to crank out high-quality work year after year because its core capabilities are rooted in its processes and values rather than in its resources" (Harvard Business Review, 2000).

The role of a leader is also going to face the wave of change. Bass (Bass, 1999) stresses the increasing relevance of transformational leadership to future uncertainties in the business environment and suggests that research evidence identifies four key characteristics of such leaders: *Charisma, Inspiration, Intellectual stimulation, and individualized consideration*. The leader would have to provide the vision to the team members and through this will be able to generate respect, trust and pride. The role of the head would be more of a facilitator and counselor rather than just being an instrument of getting things done. The philosophy of 'getting things done' is not going

to be in the front for long rather it is going to be transformed into 'working together for the mission'. The recruiter would have to more concentrate on the hidden potential of the applicants rather than the results he/she has produced previously.

The challenge of change would affect the workings of a mentor, motivator, assessor, trainer, recruiter, friend, counselor, advisor, facilitator and planner as a whole. All these roles have to be further defined to deal with the change and some more value would have to be added. The wind of change is affecting the organizations all over, from north to south and from east to west. 'A few of Japan's boardrooms are changing. Forward-thinkers, such as Sony, Fuji photo and Toshiba are leading the way by slashing the size of their boards, shedding advisers and devolving day-to-day responsibilities to their managers' (The Economist, 1999).

Another area of challenge would be – how these individuals are going to react in the light of new policies of the organizations. Excellence and the creation of corporate competence are going to play an important role in the future. 'Managers must create a new organizational space where those (new) capabilities can be developed. There are three possible ways to do that. Managers can – create new organizational structures within corporate boundaries in which new processes can be developed, spin out an independent organization from the existing organization and develop within it the new processes and values required to solve the new problem, acquire a different organization whose processes and values closely match the requirements of the new task' (Harvard Business Review, 2000). Business Process Outsourcing is further going to gain importance and the various processes in the production are going to be narrowed down into various parts. The experiences of mergers and acquisitions could be followed for better presence in the market.

Coping with the Change

You have to constantly train people in new technology, new business practices and new paradigms. Unless you can synergize organizational objectives with individual aspirations, the individual will not be interested in continuing with you (Asiaweek Weekly, 2000). In the changing business environment, people at all levels of management, would be required to get training both in behavioral field as well as technical field as people are not going to be sitting face to face but will be connected mouse to mouse. As the consumers are becoming more aware, the organizations have to train their employees for better customer relationship management (CRM). The individuals who are able to learn new competencies quickly are going to be valued more in this fast changing environment.

Fundamentally, all organizations – from the military to schools to hospitals to private enterprises – need to dramatically increase the pace of change if they are going to thrive (Times News Network, 2002). The organizations have to create an atmosphere where the employees from bottom level to the top level have a positive attitude towards change.

'Particular attention needs to be paid to young employees. They are a company's long term investment. The contribution they make is dependent on how quickly they commit themselves to their work, and what they do about it' (Garnett).

Three things can be said about change in today's intense competitive environment: it's hard, it's necessary, and most people are bound to resist it. The question for leaders, then, is what actually makes change happen? (Harvard Business Review, 1999) Change is sensed as one of the most dynamic activity. The change is going to happen. It is more important to think about our roles in the changing environment rather than concentrating on what makes change happen. The fashion changes, individuals change, 'only foolish and dead never change their opinion' – so the opinions change, demands change, needs change and so does the market, trade and business and further so does our attitude change.

A more important finding is the difference in how US managers explain the reasons for derailment today as compared with a decade ago. Managers now see the ability to adapt to change as more critical than ever, reflecting the enormous transformations taking place in business environments. In fact, adaptability seems to be the most common theme in the study and actually appears to encompass all the others. "Rather than pointing to deficits in specific skills," Van Velsor and Leslie (Harvard Business Review, 1995) feel that, "executives are recognizing that their most important need is to have managers who deal with change and

complexity by growing and by developing their capacities.” The ultimate value of their study’s findings, Van Velsor and Leslie suggest, is in focusing managers and organizations on the critical task of fostering such growth and development.

A Note for the Future

Present organizational structure of course it has changed from what it was before 10 years but in coming few years it is further going to change. ‘As far as the interface of technology and business goes, it’s easy to predict what the characteristics of the next big thing will be; transparency, egalitarianism, immediacy, convenience, and economy. Nor is it difficult to hazard a guess on where its utility will be felt most; the way we work, the way we live; the way we interact; and the way in which we address larger problems related to the environment’ (Business Today, 2001) The future of work and the future of business is going to be decided by the methods and approaches followed by the organizations to face the challenge of change. The way the industry has reacted to the waves of change, we can expect that there is going to be better management of people and the human factor is going to be the most important factor in the coming days. The existence of knowledge society would certainly provide us better outlook and perspective for thinking but we need to be more cautious and more judicious in our decisions for deciding the future course of action. The ownership, maintenance and marketing of great ideas might boost the economy of a country but the government and the citizens both have to make sure that in this process we do not lose our identity which is our one of the most important and inevitable asset.

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End Notes

Marks and Spencer (M&S) is almost as venerated as the royal family so far as British institutions are concerned. It supplies Britons with a quarter of their suits, almost all their bras and a third of their sandwiches. In recent years the clothing chain has burrowed into the nation's psyche by introducing a country raised on soggy veg to such delicacies as smoked salmon stuffed with trout mousse. Investors have been impressed. The firm's shares have long been as safe a buy as its clothes, outperforming the market for the past 30 years. Ruling the M&S kingdom is Sir Richard Greenbury, a brilliant retailer who joined the firm 45 years ago, aged 17, (The Economist Nov 21st 1998, p80).

Compass Management has been developed and coined by LEGO. C.K. Prahlad feels that Compass Management is not a tool but an ideology of management (Business Today Feb 7 1999, p85). In this ideology of management they have 4 Principles which are Direction (The key task of the LEGO headquarters is to provide a direction – a corporate goal – for employee to stretch out to), Knowledge (The local manager is familiar with her/his markets and can devise product, positioning, pricing, and promotional strategies to achieve the corporate goal), Empowerment (The manager negotiates annual targets with the headquarters, and is then free to make her/his number employing whatever techniques she/he wants to) and Scope (the responsibilities and the flexibility of the tasks of the manager are expanded. The onus for the achievement of targets rests entirely on her/him).



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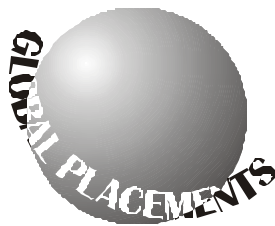
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