

AN EMPIRICAL STUDY OF HRD CLIMATE AND OCTAPAC CULTURE IN FMCG COMPANIES IN INDIA A CASE STUDY OF CADBURY INDIA-THANE PLANT

Tahir Ahmad Wani

Student (MBA), The Business School University of Kashmir, India
Email: taha.wani@gmail.com

ABSTRACT

The FMCG sector today is a growing and evolving one. Being a manufacturing industry it, is highly dependent on the competencies and motivation of the employees. Therefore it is relevant to study HRD (Human Resource Development) climate and culture of such organisations. A congenial HRD climate is essential for sharpening competencies as well as motivating employees to perform exceptionally. This study assesses HRD climate and OCTAPAC (Openness, Confrontation, Trust, Autonomy, Proaction, Authenticity, and Collaboration) culture of Cadbury India Ltd., Thane Plant in Maharashtra. It also attempts to understand the change in the culture of the organization i.e. Cadbury after it was overtaken by Kraft Foods in 2010. Primary data is collected from respondents- both management and workers through a structured, self-administered 38-item Human Resource Development Climate (HRDC) questionnaire developed by Rao and Abraham (1986). The questionnaire measured the General Climate, HRD Mechanisms and OCTAPAC Culture within the Plant in a recent study. According to the findings, the prevailing HRDC within the organization is congenial. Most of the attributes of HRD are above the overall average value.

Keywords: HRD Climate, HRD Mechanism, OCTAPAC Culture, Cultural Shock

INTRODUCTION

In this world of cut throat competition only those organisations will survive and thrive that have an edge over others in the resources they possess. It is increasingly argued that the organizations, best able to meet the challenges will be those that can acquire and utilize valuable, scarce and inimitable resources (Barney, 1991). Human resources can fall into this category, particularly, if they are effectively deployed through appropriate human resource practices and management of organizational culture (Barney and Wright, 1998). Human Resource is truly the most important resource that any organisation possesses. Human resources are the contributors to the intellectual capital, social capital and emotional capital of an organization; there by being the most important instruments behind every success or failure. It is thus very important to develop the competencies of this resource with changing times to keep them in pace with the competition. HRD was mainly introduced in every organisation to keep the human resource at par with changing technology and emerging challenges. It is the responsibility of every HRD department to maintain a congenial culture, climate and working atmosphere in the organisation. Organization culture has a tremendous importance because of its impact on employee performance and satisfaction. Understanding

organizational culture has helped organisations to increase organizational effectiveness and enhance their development. It helped them to develop strong corporate identity. It is a system of shared meaning and ideology. It is the set of assumptions, beliefs, values and norms that are shared commonly by the members of organisation. Culture comprises the symbolic side of an organization, and it shapes the human thought and behavior in the system. Organizational Climate refers to the "perceptions that organization's members share regarding the fundamental elements of their organizations" (West et al., 1998). A developmental climate is necessary for effective HRD initiatives and implementation of HRD strategies. Organisations shall continuously seek for a developmental climate because only then their Human Resources will be more pliable to changes brought by organisations time and again to fit into the changing competition.

REVIEW OF EARLIER STUDIES

It all started with Hawthorne Experiments by Elton Mayo et.al that the focus shifted towards human factor in organisations. Humans are no longer considered as a means to the final product but are considered as ends in themselves. They are the most precious resources an organisation has. Gradually the focus shifted from management of this resource to its development. This brought HRD as a separate field of study altogether. HRD encompasses the development oriented activities of the organization. For an individual to perform productively, the climate prevailing in the organization needs to be conducive for his development. Various research studies have been conducted to determine and analyze the factors affecting the HRD Climate prevailing in organizations. The Pioneer in Integrated HRD Systems Approach for Indian organizations were the two professors of the Indian Institute of Management, Ahmedabad T V. Rao & Udai Pareek (1975). They conducted their research for L&T where they recommended that "... Performance Appraisal, Potential Appraisal, Feedback and Counseling, Career Development and Career Planning, and Training they recommended that "... Performance Appraisal, Potential Appraisal, Feedback and Counseling, Career Development and Career Planning, and Training and Development get distinct attention as unique parts of an integrated system which we call the Human Resources Development System" (see Pareek and Rao, 1998, p 24). Krishna and Rao (1997) found that HRD climate in the BHEL encouraged middle and senior managers to experiment with new methods and try out creative ideas. Riyaz Rainayee (2002 found that the overall level of OCTAPAC values in the banks was perceived at a moderate level) in a study on HRD Climate in Commercial banks. Venkateswaran (1997) made a study based on the responses of 132 executives of a large PSU and concludes that early identification of human resource potential and development of their skill represents two major tasks of human resource development. This can be achieved only when a conducive HRD climate prevails. The study found the existence of favorable HRD climate in the organization. Jain, Singhal, and Singh (1997) conducted a study, HRD Climate in Indian Industry, in two public sector organisations i.e. BHEL and NFL and concluded that the HRD climate is mainly a function of the effectiveness variables including individual efficiency, organisational efficiency and productivity, and the HRD variables including management policy on HRD, organisation development, role analysis and training.

Nearly all of the researchers have followed the pattern, of study done by Rao and Abraham (1986). They developed a 38 items questionnaire grouped under three categories: General Climate, OCTAPAC Culture and HRD Mechanisms to assess the level of HRD Climate.

- The General Climate items deal with the importance given to human resource development in general by the top management and line managers but also concerns good personnel policies and positive attitudes towards development
- OCTAPAC Culture depicts the degree of Openness, Confrontation, Trust, Autonomy, Pro-action, Authenticity, Collaboration and the extent to which these values are promoted in the organization.
- HRD Mechanisms takes into account performance appraisal, potential appraisal, career planning, performance rewards, feedback and counseling, training, employee welfare, quality of work life, job rotation, self-renewal and institution building, personal growth laboratories and worker education Programmes, quality circles, task forces, and assignment groups, managerial learning network, organizational development etc.

OBJECTIVES OF STUDY

1. To examine the nature of the HRD Climate and OCTAPACE Culture existing in the organization.
2. To check the impact of acquisition of Cadbury by Kraft Foods on existing climate.

RESEARCH METHODOLOGY

Data

The present study is an endeavor to study the HRD Climate and OCTAPACE Culture in the Thane Plant of Cadbury India Ltd. To commensurate it, the study is mostly based on primary data. A total of 210 workers and 15 managers were chosen. Workers from each department were selected to fill the questionnaire. Same number of workers (70) from each department was taken to fill the questionnaire to a possible limit to achieve better results. In case of executives total enumeration method was used, as all of them were asked to fill the questionnaire.

Instrument

The HRD Climate Survey developed by Rao and Abraham (1986) at Centre for HRD Xavier Labour Relations Institute (XLRI, India) to survey the extent to which a development climate exist in organisations, was used in the present study. This instrument consists of 38 questions on a 5 point scale ranging from 5 (Always almost true) to 1 (Not at all true) to measure the Elements of HRDC which can be grouped into 3 broad categories referred to earlier, i.e. general Climate, OCTAPAC Culture, and HRD Mechanisms. The questionnaire was translated into Marathi so that each worker can understand the questionnaire properly. Moreover personal interviews were taken to know the views of workers and management on the impact of takeover of Cadbury by Kraft Foods on the overall culture and climate.

Analysis**Table 1.** General HRD Climate

General Supportive Climate Attributes	Management			Workers		
	Mean	%age	Rank	Mean	%age	Rank
Top management Support in HRD	2.5	70.3	6	2.88	72.22	4
Top management belief in HRD	2.87	80.84	2	3.07	76.85	1
Managers Support for subordinate development	3.12	87.8	1	2.85	71.29	2
HRD towards employees' development.	3.12	87.8	1	2.66	66.66	9
Time and resources towards HRD	2.62	72.25	5	2.11	52.77	11
Managers support to HRD	2.86	80.8	3	2.44	61.11	10
Help for Competence Development	2.75	77.2	4	2.77	69.44	6
Managers belief towards HRD	2.75	77.3	4	2.70	67.59	8
Conduciveness of Psychological Climate	2.87	80.7	2	2.81	70.37	5
Top managements interest towards Potential Appraisal	2.37	66.78	7	2.92	70.37	3
Future Role Clarity/Role preparations	2.87	80.8	2	2.84	68.51	7
Overall	2.8	78.43	4th	2.73	67.92	7th

Two important factors contributing to general supportive climate for HRD as per management are namely, “Managers Support for subordinate Development” and “HRD towards employees' development.” with their individual mean values 3.12, which is significantly higher (0.32) than the group average i.e. 2.8. However, there are some factors that do not score that well: “Top managements interest towards Potential Appraisal” and Top management Support in HRD” with their individual mean values of 2.37 and 2.5 respectively which are significantly lower than the group average. For workers “Top management belief in HRD” and “Managers Support for subordinate development” top the list and “Time and resources towards HRD” and “Managers support to HRD” score below average.

Table 2. Functioning of HRD Mechanism

HRD Mechanisms Attributes	Management			Workers		
	Mean	%age	Rank	Mean	%age	Rank
Rationality of Promotion Decisions	2.62	73.8	6	-	-	-
Performance Appraisal – Objectivity	2.87	80.3	2	-	-	-
Help for Competence Development	2.75	77.3	3	2.77	69.44	9
Management Information System	2.87	80.8	2	2.84	68.51	8
Identification of Employee's Potential	2.37	66.78	8	2.92	70.37	7
Employee's Welfare Activities	2.62	73.8	6	2.92	70.37	7
Non-Threatening Performance Feedback	2.5	70.3	7	3	72.22	3
Objectivity of Selection for Training	2.5	70.39	7	3	72.22	3
Guidance for Future Roles	3	84.3	1	3.2	75	2
Reward Mechanism	3	84.3	1	2.96	58.33	6
Appreciation by Supervisors	2.74	77.3	4	3.19	66.66	1
Seriousness in Trainings	2.62	73.9	5	3	69.44	3

Table 2. Functioning of HRD Mechanism (Contd....)

HRD Mechanisms Attributes	Management			Workers		
	Mean	% age	Rank	Mean	% age	Rank
Opportunity for Applying Knowledge after Training	2.62	73.8	6	2.96	71.29	5
Succession Planning	2.62	73.8	6	2.46	59.25	10
Job Rotation	2.25	63.2	9	2.99	72.20	4
OVERALL	2.664	74.93	5th	2.89	69.44	8th

It is clear that “Reward Mechanism” & “Guidance for Future Roles” are what management thinks as above par over other attributes while there is some doubt in their minds about the objectivity or basis on which selection for training is done by the top management. While workers appreciate the “Appreciation by Supervisors” and “Guidance for future roles” they doubt the “Succession planning” of the organisation towards the workers. In fact personal interviews revealed that workers are hardly promoted.

Table 3. HRD Cultural Dimensions

HRD Cultural Dimensions	Management			Workers		
	Mean	% age	Rank	Mean	% age	Rank
Help in Competence Development	2.75	77.3	6	2.77	69.44	14
Helping Attitude among Employees	3.25	91.4	2	3.44	86.11	1
Informal Discussion with Seniors	2.62	73.8	8	2.84	68.51	12
Focus on Potential Development	2.37	66.78	12	2.92	70.37	10
Free from Biased Impression	2.5	70.3	9	2.46	48.14	18
Encouragement for Innovation	2.87	80.8	5	2.80	57.4	13
Understanding and Help in Case of Mistake	3	84.3	4	3.23	77.77	3
Self-Development Initiative based on Feedback	2.5	70.3	9	3	72.22	6
Initiative to Know Self Strength and Weakness	2.12	59.75	14	2.61	62.96	17
Concern for Learning During Training	2.62	73.8	8	3	69.44	7
Opportunity for Applying Knowledge after Training	2.62	73.8	8	2.96	71.29	8
Need based Sponsorship of Trainees	2.5	70.39	10	3	72.22	6
Trust among Employees	3.37	95	1	3.30	79.62	2
Expression of Feelings to Seniors	2.37	66.78	13	3.03	73.1	5
Expression of Feelings to Juniors	2.62	73.8	8	2.65	63.88	15
Actions without Close Supervision	2.5	70.3	11	3.03	73.1	5
Delegation of Authority	2.75	77.3	6	2.88	69.44	11
Initiative for taking Higher Responsibility	2.75	77.3	6	2.61	62.96	16
Team Spirit among Employees	3.12	87.9	3	3.19	76.85	4
Team approach to Problem Solving	3	84.3	4	3.23	77.77	3

Table 3. HRD Cultural Dimensions (Contd....)

HRD Cultural Dimensions	Management			Workers		
	Mean	%age	Rank	Mean	%age	Rank
Concern for Career Development of Subordinates	2.87	80.8	5	2.84	68.51	12
Overall	2.71	76.48	7	2.94	70.05	9

Readings from the table depict that Managers perceive that Trust Culture exists in the organisation. They believe and trust each other and believe in team spirit and team work. On the other side workers believe in collaboration and they also give testimony to the fact that Trust culture exists in the organisation. Attributes like Confrontation and Openness are below the average in both the cases.

Table 4. OCTAPAC Profile Score

OCTAPAC Dimensions	Management			Workers		
	Mean	%age	Rank	Mean	%age	Rank
Openness	2.52	71.17	5	2.74	63.4	7
Confrontation	2.52	71.15	6	2.88	69.42	4
Trust	3.04	85.53	1	3.1	75.61	2
Authenticity	2.69	75.9	2	2.85	66.83	6
Proaction	2.58	72.62	3	2.91	66.95	5
Autonomy	2.56	72.07	4	2.99	71.29	3
Collaboration	2.52	71.17	5	3.15	77.15	1
OVERALL	2.63286	74.23	3 rd	2.94571	70.0929	4 th

It can be concluded that Trust and Collaboration culture exists in the organisation as per managers and workers respectively. Confrontation and Openness are two attributes where the managers feel that organisation is lacking such factors in the culture. While workers feel the pro-action has not yet developed as a key attribute to the culture and people less believe in authenticity.

CONCLUSION

Category wise analysis leads to the conclusion that OCTAPAC culture and HRD mechanisms and general HRD climate are almost equally prevalent in the plant. However,

- More support, time and resources are needed from the Top management towards HRD.
- Potential appraisal is lagging behind and more maturity in T&D shall be brought in the case of managers.
- In case of workers focus shall be shifted towards competence building. Workers shall be made aware of future possible roles they might be taking and shall be trained accordingly.
- Attributes like openness and confrontation are lacking in the organisation.

- Informal meetings shall be held on regularly to let people discuss their problems openly.
- People shall be encouraged to develop a confrontation culture within the organisation.

Based on the overall analysis it can be concluded that a sound HRD climate has been prevalent in the organization surveyed. In short, it appears that the organization focuses more on people rather than business. Further it is suggested to induce more sense of autonomy amongst the people in the plant.

Based on the personal interviews it was concluded that the Post Acquisition of Cadbury by Kraft Foods Ltd there has not been any dramatic shift in the overall HRD climate of the organisation. It may be right to say that the culture of Kraft has not yet seeped to the bottom of the organisation (workers) because there has been no change in their work schedule or any work related things. Most of the workers were unaware if Cadbury was actually taken over by Kraft Foods Ltd. Thus there has been almost no change in the HRD climate so far, the only changes that have been made have reached as far as management only like the new PAS.

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