

The Woes of Engagement



While employers are traversing that extra yard to acquire the right talent to ensure a better brand value for themselves, the employees are not acknowledging the role being played by their employer and are at times looking at ways of exploiting and are even resorting to blackmail the employer. - BY **SURYA PRAKASH PATI**

Mr. Saurav Bhattacharya, the Director of Srinivasa Institute of Financial Markets (SIFM), is a worried man. The pitter-patter of the rains outside could do little to drown the whispers of the storm brewing within his Institute.

SIFM, located in Gurgaon, is a leading institute in India committed to imparting education and knowledge in the financial sector. Incorporated as a company under the provisions of Companies Act, 1956, its objective is to educate and develop professionals for the securities industry in India. Additionally, it envisions itself to be the leading authority in information dissemination on the Indian capital markets by hiring the best available talent, as well as engaging them in

creating a comprehensive body of knowledge to guide policy. SIFM is also associated with the National Stock Exchange (NSE) for developing NCFM Modules, Financial Planning Standards Board of India (FPSBI) for CFP Certification, and various universities for their BBA programmes.

With the vision of strengthening and supporting its vision, the Institute hired Ms. Neha Narayanan as a member of the faculty in July 2012. Neha, CFA and a Post Graduate in Management from a top tier business school with a five year experience in investment banking, appeared to be a very promising catch. Broadly, her job description included an improvement of the existing study materials and teaching methodologies in order to ensure that the Institute's

offerings remain relevant to the times, most suitable, and, always ahead of competition. Her employment agreement included the following important terms-

1. She shall be devoting full time without any constraint to all specified functions as required and directed, keeping the students' need in mind.
2. She shall be required to be at work on every working day until the regular office hours, or the completion of the day's work, whichever is later.
3. She shall design and upgrade the course content as well as the teaching methodologies, as per the principal objectives of the company.
4. She shall maintain a high standard of decorum and discipline among the students befitting the image of a sound

financial educational body. Further, she shall not indulge in or promote any alliance, front, or politics among the staff members/ students including insubordination.

5. She shall work with the company for five years, and three years shall serve as the minimum compulsory period. However, after three years, if she decides to quit, she can do so by serving a prior notice of at least six months in writing to the company.

6. The salary revision or increment will be done on a yearly basis. It will be contingent on competence, performance, achievements, behaviour and discipline, provided the company has registered significant growth.

Upon joining, Neha was initially involved in redesigning and restructuring the course content of "Security Analysis and Portfolio Management", a four-month diploma programme, that attracted wide enrolment. She was asked to upgrade the handouts and study material seeking help and suggestions of the other members of the faculty. However, a little over a month after her joining, Saurav found her seeking an appointment for a meeting, during which she passionately advocated the creation and launch of a few more specialized courses such as "Diploma in Equity Arbitrage, Trading and Operation", and "Diploma in Financial Markets Management" to counter competition. Initially reluctant, since it is unusual for new faculty members to suggest new courses, Saurav finally gave in to Neha's assurances and display of commitment. He also recalled his recent conversation with a friend, a partner in one of the Big Fours. According to his friend, engagement is the new mantra of the workplace, and it impacts the organizations' profitability positively and directly. And, one of the best ways to engage employees is to give them autonomy. Therefore, he sanctioned a budget of Rs. 100 Lakhs to her to commence the building of a team, design courses, and procure the requisite infrastructure, with clear written directions that the courses should be ready to launch within six months.

On 9th August, 2012, upon checking his email at 9:30 AM, Saurav received a nasty shock. Neha had written to him for a raise in her salary along with mandatory benefits citing her involvement in this project, failing which

she would resign. Saurav invited her for a meeting, where Neha argued that she was working beyond her job description and hence needs to be adequately compensated. Although unwilling, Saurav agreed to increase Neha's monthly salary from Rs. 52000/- to Rs. 68000/- with effect from August 2012, besides additional benefits effective. On the basis of her demand, she was also provided the liberty of flexible working hours. However, it was agreed that the next salary revision would be on annual basis during the defined employment period with an incremental bracket of 6%-15%. All the above agreements were communicated to Neha in writing.

While Saurav was just being successful in silencing the queries of the other staff members, on the sudden raise awarded to Neha, he received another email from her on 4th October 2012, in which she wrote, "Sir, I regret to state that SIFM does not deserve a talent like me. It's not me who wants SIFM, but it's SIFM who wants me. What I have delivered in 3 months to SIFM, it will take 5 years for others to deliver. The only problem has been that I have begged for even getting my rights from you and I realize it was a mistake. Whatever you have given me, I have given many more times than that to the company. Only time will make you realize that. Thank you for giving me the platform to show my worth to the finance fraternity. Today, I get more than 10 calls a day to establish another institution like SIFM. Kindly treat this email as my resignation". Saurav connected with Neha's intercom only to find it goes unanswered. She had not reported to office that day. She would not come to work for a week, following which Saurav replied to her email, indicating non-acceptance of her resignation. He also drew attention to her employment agreement, according to which her absence was unauthorized and her resignation a breach of terms.

On 14th October 2012, Saurav received another email from Neha, however in this email he was only copied. The principal recipients of this email were all the employees of the Institute. Neha had advised them not to work hard for the organization, and if possible quit. She alleged harassment and exploitation by Saurav, who made her "work beyond her job description while paying significantly less than the market".

Saurav was pretty much miffed. He



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had little idea what Neha was up to. He had not heard from her on the project she is apparently handling. She was also trying to vitiate the atmosphere within the organization. And, repeated threats of resignation are not merely eating into his valuable time, but putting him under tremendous psychological pressure. His autonomy plan had backfired. He could feel his ship breaking apart. He sent an email to Neha requesting for a meeting. But, he was unsure in which direction to steer the meeting, with numerous questions wrecking his mind at the same time. **HC**

Notes

This case is written solely for educational/developmental purpose and is not a representation of successful or unsuccessful managerial practices of an organization. The case should not be used as a reference material to support or contend a phenomenon. All names, characters, financial information and incidents portrayed in this work are fictitious. No identification with actual persons, places, buildings, and products is intended or should be inferred. However, to an extent, the case has drawn inspiration from the material available in a judgment of the Honourable Supreme Court of India to create the context. The author will like to thank Mr. Ashish Rastogi, doctoral student at IIM Kozhikode, for proof-reading the manuscript.

ii Inferences taken from published research

In order to ensure consensus over the outcome and taking in cognizance the allegations levelled against Saurav by Neha, the meeting must be moderated by a third party arbitrator, preferably a woman member, to ensure that the allegations of harassment are also be addressed. It is best that the conversation with Neha and Saurav are held separately, followed by a conversation between all the members. The intent of the meeting must be to establish facts from all parties involved and deliver an unbiased decision for the future course of action.

Based on available data, points to be addressed during the common conversation are-

A detailed review of the violations

It is necessary to carry out a detailed review of violations of the employment terms and review of any deviation from the process

- As per the contract, Neha was required to devote full time without any constraint to all specified functions as required and directed, by focusing on the overall interest of the organization and students.
- Her primary responsibility was to design and upgrade the course content. She went beyond her call of duty to take up additional responsibility



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- The work hours described was based on the work and not on the number of hours spent doing the work
- She was to maintain high standards of decorum, sense of discipline by not indulging in or promoting any politics amongst faculty and students. This also covered the aspect of insubordination
- Minimum service clause : 3 years compulsory, next 2 years a prior notice in writing of 6 months

A fair opportunity to excel

On the basis of the interest displayed by Neha, Saurav provided her with an opportunity to ensure that she remains engaged in her role. Also, considering that she had an overall experience of five years, she was given adequate funding to ensure a successful execution of the project. Out-of-cycle salary increases are generally pre-approved by the departmental manager, the human resource (HR) director and President of an organization. Though unsatisfied with Neha's approach during the initial discussion, Saurav did display confidence in Neha by ensuring a 30% hike. SIFM has gone beyond its capabilities to treat Neha with great respect and value her needs.

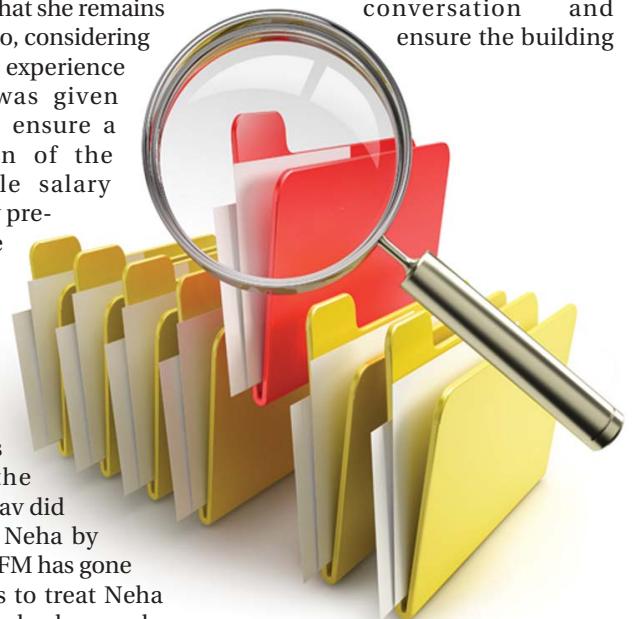
Work ethics and demeanour

Neha violated the code of work ethics during multiple instances, which must therefore be discussed during the meeting. Though the idea was passionately pursued by Neha during her initial days at SIFM, she showcases it as a responsibility assigned beyond the contractual agreement by SIFM. She demands a raise and flexible work hours, though she is aware of the initial employment contract signed by her. In October, she decides to write an email to Saurav and stops coming to work. Further to Saurav's repeated efforts to reach her, she responds in a way that threatens to vitiate the atmosphere within the organization. This is a clear show of insubordination

with little regard to the overall moral conduct and business ethics. From the given data, she also alleges harassment and exploitation by Saurav though he has been extremely supportive of Neha. She sets a precedent for undesired behaviour at the workplace for all other employees of the organization.

Action considerations

- Conclusive discussion to objectively analyze and share feedback
- An official communication from Saurav to the other employees to share the relevant details from the conversation and ensure the building



of confidence. An apology email from the employee (Neha) would be ideal if convinced

- The employee must be convinced to return, and share existing knowledge of the project. With a senior member assisting the employee, the progress of the project must be closely tracked
- No further off-cycle salary hikes or expansion of role for the employee
- A violation or non-agreement from the employee must be explored with a penalty or appropriate legal measures

Also, there must be better control mechanisms which is process dependent to approve any critical action on behalf of the organization. It should not be driven by a single member of the management. **HC**

The case must be handled with high sensitivity and within the management's jurisdiction to ensure minimal damage to the organizational image and to reinstate its culture and values. Some areas where the management appears to have gone loose and could improve its practices are-

(I) Creating a match with organizational values

Attracting, selecting and onboarding the right talent has and will persist as an area of concern for most organizations across sectors. While we have made considerable progress in matching the skill sets, by benchmarking appropriate experiences, educational qualifications and precise job descriptions and frameworks, we miss out on the match between the values' of the candidates and organization.

Person-organization fit also referred as a "good fit" is defined as the congruence between patterns of organizational values and patterns of individual values, defined as an individual's values in an organization, such as being team-oriented or innovative (Chatman, 1989). Although multiple aspects of organizations and people influence behaviour and attitudes, person-organization fit is a meaningful way of assessing person-situation interaction, because values are fundamental and relatively enduring, and, because individual and organizational values can be directly compared. Person-organization fit focuses on how the patterning and content of a person's values, when juxtaposed with the value system in a particular organizational context, affect that individual's behaviours and attitudes.

In this case, there seems to be a lack of congruence between the value system of the new incumbent Neha and SIFM as an institution. While SIFM envisions itself as a leading financial institution in the dissemination of updated and comprehensive body of knowledge, it exhibits a strong culture for learning and innovation. Neha seems to value financial growth as the key driver for her career decisions. While the institute has been valuing

collaborative creation and upgrade of knowledge as the key driver in building its faculty, she values autonomy and taking charge of her decisions. This does not indicate if either of the systems is right or wrong. However, the polarity of these values and the disparity created by them could have been easily identified in the warning signals; first, when new products were suggested instead of building the current comprehensive body of knowledge and second when an untimely raise was sought within a month of joining.

When we work in an environment that has different values from ours, we have to work much harder, and, hence we build a perception of being utilized beyond work responsibilities. Sometimes, the values are just wrong for the organization and that leads to integrity of either parties being compromised. As an organization if branding itself as a leader in integrated financial competence was a core value for SIFM, digressing into new products was an uncalculated risk, and is a tangent to its core value.

(II) A process dependent culture

Growing from 1 to 10 and then too many has been demonstrated across several successful organizations in various sectors from IT, Pharma, manufacturing to education. While some organizations prefer systemic thinking and promote a culture of operational excellence, others rely on innovation without a demarcated process in line. However, with growing competence in every sector, OD specialists believe that people, processes and technology will form the backbone of any successful organization. Extraordinary people pursue innovative ideas through processes that are perfectly suited to their talents. (HBR Is Innovation more about people or processes.)

In this case, there appears to be a lack of an established process for launching a new product. A competitor analysis to understand the market requirement and growth of the products was required. Also, a focused group discussion with the entire faculty team, to know their views about creating this product

would have served the organization and Saurav two main benefits- first, he would have gained an organizational commitment towards his decision, such that they would support the initiative with commitment.

Second, he could build a pipeline to handle and promote the future products. This reduces individual dependencies, builds a culture of



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process efficiency, and harnesses growth in line with organizational values.

(III) Essentials of Engagement v/s Autonomy

As mentioned in the Gallup survey data for the period 2012-2014, companies in the top quartile of employee engagement out performed



bottom-quartile units by 10% on customer ratings, 22% in profitability, and 21% in productivity. Work units in the top quartile also saw significantly less turnover (25% in high-turnover organizations and 65% in low-turnover organizations), shrinkage (28%), and absenteeism (37%).

These statistics speak for itself why business stakeholders go all out to achieve high engagement levels. However, providing unquestioned autonomy might be more of an uncalculated business risk rather than an engagement tool.

Better ways of building engagement

1) Defining engagement in realistic terms- Describing what success looks like with descriptive and emotive terms, is a prime source of building engagement and aligning teams with organizational values, and, this can be done in weekly meetings.

2) Building and accountability pipeline- An accountability pipeline always helps in sharing the load and the vision. Holding managers/head of the departments responsible for the happiness levels within their teams and coaching them with tools to achieve the same would go a long

way in building the right camaraderie. In this case, Saurav misinterprets autonomy as way of granting engagement, in turn, what he misses out is the long and stronger thread of process and accountability, thereby taking actions, which were detrimental for the organizational culture.

(IV) "We're all in this together"

Organizational commitment is an emotional psychological attachment to the organization. It plays a vital role in determining whether a member will stay with the organization and zealously work towards its goals. Since Neha did not seem to have the same value congruence, there were very little reasons for this attachment and these were demonstrated through her impulsive decisions.

(V) A question of Integrity

While human error is natural, and, is taken to stride during the learning process. What should not be accepted is a deviation from company values.

When Neha was hired, she was intimidated in writing about the appraisal cycle, and a demand way too soon in the employment lifecycle indicates a sharp contrast of values, and an organizational misfit. Just as the value match is a bare essential integrity is a key concern and area of focus. Also, her lack of accessibility after submitting the resignation despite knowing the notice period she should be duly servicing. Post an unethical action of trying to miscommunicate her aspirations to the entire staff, it is important that Saurav terminate Neha with immediate effect. Any more tarnishing by her could be detrimental to the image of the organization.

The entire experience for Saurav brings out the importance of organizational commitment, integrity and a match between values. The lesson learnt in the essentials of hiring a good match, and bearing the damage from a wrong one would go a long way in building a committed team. HC