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Case Study

SAMURI AUTO LTD.
A CASE STUDY

Anu Singh Lathur*
Harsh Sharma**

ARVINDA Kumar looked at the resignation letter- the third in series he has received from Dy General manager (Corporate training) in past one year of his joining in Samari Auto Limited (SAL), a large auto parts manufacturing company as VP (HR). And he knew that this resignation would have far greater repercussions compared to the earlier one, since Pradeep Bose was inducted on his sole recommendation to provide dynamism to training functions in the SAL and align training department's functioning with the corporate plan. Despite all persuasions by him, Bose has resigned sighting almost the same reasons as given by his predecessors.

His resignation letter is virtually an indictment of corporate culture and top management policy towards training in general and HR in particular. He has written, "Sir, as you are aware that in last interaction with Corporate Planning Group, our CEO had emphasized on the importance of training, at the same time he had asked HR to prepare a comprehensive need assessment plan as well as a credible effectiveness evaluation plan. However, when both the plans were presented to him, he sent them for comments to various departments and branch heads. Three days ago, I received those papers from CEO' s office with the comments of the Departmental heads as well as CEO, himself. I was shocked to know that most of the people were not even aware of the objectives of those plans. Some of them have questioned the monetary part of it whereas others want training need identification to be the sole discretion of the respective departments. We had proposed a comprehensive evaluation plan for training but most of them thought it to be the wastage of time and resources, as they were of the view that the immediate boss of the person concerned could easily evaluate training effectiveness in consultation with respective departmental heads. In fact, the CEO Mr. Jayant Trivedi had asked me to reframe the programme keeping in mind the suggestions of the departmental and branch heads. Though in my humble opinion they have not given any worthy suggestion and only tried to sidetrack the whole issue. In this kind of situation I don't think that the SAL is ready for a great leap forward in the area of training and a lot of cultural and structural issues should be addressed seriously first. As I am responsible for ushering in new dynamism in training, I think I will not be able to meet the expectations of the company under the present circumstances."

Arvinda knew that the series of resignations were only the tip of the iceberg. These were the symptoms of deeper issues, which are embedded in the systems, processes, culture, and history of the SAL and addressing to these issues was the mandate given to him when he took over this job.

It is perhaps for the 100^{th} *time in last one year when Arvinda recapitulated his understanding of the SAL and the way he had come to understand this company, which would pose the challenge to his professional competence in the times to come.*

SAL - The History

The SAL is the classical success story in the Indian Auto Components Manufacturing Industry. It was promoted in 1981 through a joint venture between Axels Auto (AA) - a $20bn 100- years old Japanese Auto Part

* *Reader, School of Management Studies, GGS Indraprastha University, New Delhi.*
** *Faculty (OB/HR and TD), Institute of Integrated Learning in Management, Lodhi Road, New Delhi.*

Manufacturer, and the Samari Corporation Limited, a successful Rs. 1000 crore Indian business house. AA was one of the world leaders in auto components, and was known for its superior technology and quality. Whereas it had wholly owned manufacturing operations in 14 countries, the SAL was its first- and only- JV (Indian laws did not permit owning of 100% equity by a foreign company). Samari was on the other hand in diversified business.

One of the old timers who had seen the SAL through its ups and downs has told Arvinda: "AA was always the dominant partner. They were the driving force behind the JV. They decided every thing- the strategy, how the company would function even the HR policies. In recent developments, it was also agreed that the CEO, presidents and vice presidents of line function i.e., manufacturing and sales will be from AA and SAMARI will only supply VPs of HR, Finance and Materials."

Current Status

With liberalization, the AA started viewing India as focus of its worldwide strategy mainly because of cheap and ready availability of technical expertise. It had set an ambitious plan to escalate productivity 3 times and profit generation 2 times during 5 years in the business plan circulated in 1999.

Underlying such an ambitious projection was the AA's emphasis on technical and other training so that revenue projections can be achieved without incurring huge costs. The AA wanted to benchmark productivity at Indian subsidiary with that of its Japanese plant, where productivity was 3 times more compared to Indian plants. However, they have not taken into account relatively lesser per person cost in Indian context.

The AA's emphasis on manuals, formal plans and systems has irked many. Subir (VP Finace) who had been with the company since its inception has told Arvinda, "Oh! This is a typical example of Japanese reliance on systems and manuals. It may work there, but not here. People here are status conscious and their learning orientations are totally different. Training cannot be panacea to productivity issues. They should look at structure and compensation practices of the company."

Arvinda was reminded of the first memo he received from the CEO who while welcoming him, had spelled out expectation from him. He had written to him, " It is expected that this company will become the No. 1 exporter of auto components in next few years. In this endeavour contribution of HR is of prime importance. We expect that productivity and work processes/ practices should improve significantly. As lower employee cost is our major competitive advantage, the current objectives should be met without increasing costs significantly."

Although, Arvinda was sceptical about such an ambitious target he was sure if he gets the support of the Top Management in placing right people on key positions, only then a breakthrough contribution by HR could be made.

Arvinda recruited a senior training professional P.R.Das from the same company as DGM (Training) so that continuity in practices is not broken. However, the person was not able to cope with the pressure and resigned in few months. Das belonged to traditional breed of training managers who had laid back attitude and little appetite for fast paced changes and set targets. He then asked CEO to get a guy who had experience of production as well as sales so that efforts of training department got more credibility in the eyes of functional heads. He promised that he would actively support the person in his new role. Reluctantly, Mr. Jatin Das, Head Sales (North India) accepted the position, who had only two years left for his retirement. He had impeccable reputation for meeting the targets and introducing innovative plans to motivate his work force. He took early retirement within few months and Arvinda was again left with no other option but to recruit some specialist from outside. It was at this point of time that he thought of Pradeep Bose who had earlier worked under him in Jyoti Electronics and had handled Training Function in refreshingly new ways.

After Bose's resignation, he is again at cross roads as his well-laid out plans are lying in files. He thought of going through the proposals prepared by Bose as the dead line was approaching.

Bose had suggested that instead of informal training need identification a formal system should be adopted where ultimate decision-making lies with training managers. He also suggested that annual training calendar should be worked out and training plan should be made on quarterly basis, on the basis of immediate response to needs identified (especially technical training needs).

Bose also suggested to overhaul evaluation and to do away with multiple forms. Instead, he recommended dedicated sub departments for evaluation devoted only to evaluation. Some of the suggestions were to use control groups, experts opinion, statistical methods like multi-variate analysis and on the spot observation as tools of evaluation. This would take care of the bias and give clearer picture of impact of training and training needs. It was strongly felt that training should be taken as a mandatory agenda in all-corporate interdepartmental reviews. He further emphasized on flexibility while keeping primacy of corporate training department undiluted in training decisions. He further emphasized on nondilusion of training decisions.

Finally, Arvinda Kumar sits there in his office pondering over the final words which came from President (Production), who wrote:

"Proposal seems to be impractical as training people are not aware of practical difficulties. Separate group on evaluation is an untested idea and company is in no position to spend on this, focus should be more on quality of training and old systems should not be done away with in a single go."

Arvinda is disheartened and worried. He simply feels helpless. He has been forced to take a U turn and go back to the old existing systems without disturbing them. Arvinda is now preparing a long term and short action plans. He is determined not to give up so easily. So he has prepared a detailed presentation to sensitize all the Heads to understand the role and importance of training and training evaluation.

However, he is not sure whether it will work. Maybe it is already too late….