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MBA – RESEARCH THESIS

Training & Development and Succession Planning at Atlas Honda Limited (AHL)

SUBMITTED BY: **SUBMITTED TO:**

Shams Bin Niaz   **Mr. Naukhez Sarwar**

NUST Institute of Management Sciences, Tamiz ud Din Road, Rawalpindi Cantt.

Training & Development and Succession Planning at Atlas Honda Limited (AHL)

By

Shams Bin Niaz

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Guidance/Supervisory Committee

Thesis Supervisor/Advisor: Mr. Naukhez Sarwar

Thesis Committee Members: Mr. Muhammad Taslim
                                  Ms. Zeenat Jabbar
                                  Mr. Imran Nazir

in

NUST Institute of Management Sciences
National University of Science and Technology (NUST)
Rawalpindi, Pakistan

Approval

Certified that the contents and form of thesis titled

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submitted by Mr. Shams Bin Niaz has been found satisfactory for the requirement of degree.

Thesis Supervisor/Advisor: _____

Assistant professor   (Mr. Naukhez Sarwar)

Member: _____
Assistant professor   Mr. Muhammad Taslim

Member: _____
Assistant professor   Ms. Zeenat Jabbar

Member: _____
Assistant professor   Mr. Imran Nazir

Dedication

I dedicate my thesis to my wife who has been a great support through out my life and the completion of MBA program at this late stage of life was not possible without her untiring support. She was always forthcoming and encouraging me to put in my best. Her support and resolve was great strength and motivation for me.

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- Mr Raffat Iqbal, GM HR AHL
- Mr Jamil Asghar Khan, Manager HR AHL (Shiekhupura)
- Mr Ghulam Mustafa, Assistant Manager HR AHL (Shiekhupura)

Abstract

The growth and development in management sciences and proliferation of knowledge through means of internet and greater exposure to best International management practices, has greatly affected the business environment in Pakistan. The process has been further expedited with the greater number of MNCs' operations in Pakistan and beginning of WTO regime. The major beneficiary has been human resources. There is a greater urge for improving Human Resource Management practices. That is why we find that more and more organizations are improving their HR practices to enhance their productivity and effectiveness of their newfound capital -THE HUMAN RESOURCES. The need to focus on Human Resource Management has also been necessitated by new standards of higher quality and better customer management. The increasing trend of globalization has now forced organizations to look beyond national boundaries. This paradigm shift in the business scenario demand more dynamic work force, capable of facing, handling and managing complex and rapidly changing environment to its advantage. This whole situation puts added pressure on managers to not only manages the human resources better but also to prepare them for current and future challenges. Thus we find that within HRM, HRD has become a major area of emphasis.

Atlas Honda Limited (AHL) is a joint venture between Honda of Japan and Atlas Group of Companies Pakistan. It is also the oldest motor cycle manufacturing plant in Pakistan, beginning in 1962. Its motorcycle market share is 54 % share market. The founder of Atlas Group Mr. Yousaf Hussain Shirazi is reputed for his better business practices, financial, managerial and corporate.

I have made an endeavor to study, evaluate and analyze the HR practices at AHL with special emphasis on training & development and succession planning. The company has a well laid out and effective Human Resource Management process. The procedures / practices are transparent and based on merit. Thus offer clear gun sight to each employee.

From the HR perspective the organization can be safely placed in the top companies of Pakistan. Although there was certain limitations of information yet based on information provided by the company I have tried to give certain recommendations which might be of some advantage to the organization.

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Chapter I

Introduction

Reasons for selecting the Topic:

Pakistan is an economy which has long been experimented and till very recent past depended upon its agricultural productivity. However, since the last two decades it has begun to focus on manufacturing and industrial growth. Automobile industry is one such industry which has grown leaps and bounds in recent years. While selecting the topic for the thesis, the major issue was the existence of formal HR policies and willingness of the particular industry to share information about its HR practices. Atlas Honda Limited (AHL) was picked up because it is the oldest motorcycle manufacturing company in Pakistan and part of Atlas Group of Companies, a well established and reputed organization when it comes to HR practices. The study of AHL was also important because it represents a major technology based organization in Pakistan and the achievements of the company are phenomenal in Pakistani context. Not only is the Group equipped with excellent HR but it is also considered one of top companies to serve. Another reason was some what universal applicability of HR practices across a wide variety of companies of Group which includes financial institutions, manufacturing plants and trading company. AHL's HR policies are more comprehensive and detailed and offers a great opportunity for academic inquiry and study.

The realm of HR practices includes a wide array of activities and polices which govern almost every aspect of organizational life. These practices in essence determine the quality of organizational life and outlook of the organization. To survive and thrive in the contemporary world of cut throat competition, an organization has to have a clearly defined mission and a vision. To realize the mission and the vision, organizations make

strategies for gaining competitive advantage. While strategizing to outperform their competitors, it is of utmost importance that organizations take people related issues into account during strategy formulation process. People related issues are perhaps the most important consideration for an organization as no matter what strategy is chosen, it has to be implemented by the "PEOPLES" of the organization. "PEOPLES" represents the pulse of any organization. Successful implementation of strategy hinges upon organizational structure, task design, the selection, training and development of people, reward systems and type of information and information system. Three out of these five variables are related to the Human Resource function of an organization. The remaining two i-e structure and information system are also strongly influenced by the same function. It can be easily seen that unless an organization inducts the right type of people, train them accordingly and is able to foresee and plan their timely development to meet the organizational challenges, the implementation of the chosen strategies will remain illusive. Therefore focus of this research is training & development and succession planning. The reason for studying the Training & Development and Succession Planning at AHL is to assess the importance being attached to these vital aspects by the leading industrial Group of the country. Also to study as to how is HR function at AHL embedded in the overall organizational context. Whether it is continually updating its HR practices and preparing its HR for future needs?

Another reason for narrowing down on training & development and succession planning was the willingness of AHL to share information on these issues. Because organization are normally not forthcoming to share information about their Performance Management Systems and compensation, which leaves three other major HRM issues; HR Planning, Recruitment & Selection, Training & Development and employee relations. Out which I considered Training & Development leading to succession planning of far reaching importance and value to the organization.

Objectives:

The objectives of the conducting research is to study the training & development and succession planning done by AHL for its future organizational needs within overall context of HR practices at AHL.

Scope:

The thesis has been graduated within the overall framework of Human Resource management /Human Resource practices at Atlas Honda Limited with focus on **"Training, Development and Succession Planning".**

Literature Review:

The purpose of literature review for my thesis will be to bring forth the conceptual and theoretical framework on the subject, highlighting some of the known HR concepts and also latest thoughts on the topic. I will also try to bring forth an International perspective on the subject by highlighting an International manufacture's HR practices. In process I will be able to enhance my ability to scan the literature efficiently by using manual or computerized methods, to identify useful pieces of writing on the chosen topics and also critically evaluate the available material to identify unbiased and valid studies on the chosen theme.

Research Methodology:

During the course of my writing this thesis I employed following methods to carry out research:

- Books and articles on HRM & HRD.
- Interviewed the officials of the Atlas Honda Limited.

- Asked relevant and specific missing pieces of information through e-mail.

- Study of the periodicals concerning the industry.

- Broader information on HRM and HRD through works of well known authors.

- Relevant information about International automobile industry and their practices.

- Web based sources to get latest information about latest trends on HR practices.

Limitations:

Despite the fact that Atlas Honda Limited was generally willing to share information on certain HR practices they requested not to include and on many issues they declined to provide information. The study is based on the information provided by the Company which due to paucity of time and location distance (in Shiekhupura) and also AHL's reluctance to interview their employees, could not be validated. However, from the known facts there is reasonable surety that the information more or less is correct to great extent.

Organization of Study:

The organization of study will be as follows:

- Chapter I   Introduction
- Chapter II   Literature Review
- Chapter III   Atlas Group of Companies and Atlas Honda Limited
- Chapter IV   Findings
- Chapter V   Analysis
- Chapter VI   Recommendations
- Chapter VII   Conclusion

Chapter II

Literature Review

The building up of theoretical framework is important before attempting to address the theme of the research. The review of theory, latest trends on the subject and best practices in the industry provide a clear base for understanding and evaluation. It is only after familiarization with the latest concepts on the subjects and a revisit of the basic theoretical aspects pertaining to the discipline of Human Resource Management that the existing conditions of the chosen industry can be meaningfully analyzed and correct conclusions drawn. Basing on these conclusions appropriate recommendations can be proffered. The chapter initially reviews relevant concepts/ definitions of HRM /HRD and theoretical framework for HR practices and issues which we normally come across in various books on Human resource Development (HRD) and Human Resource management (HRM) and in the later part a number of articles on training & Development and Succession planning are added to have an insight into latest thoughts on the training, development and succession planning.

Theoretical Framework

Industry Competitive Structure:

The competitive structure of an industry refers to the number and size distribution of companies in it, something that strategic managers determine at the beginning of an analysis. Industry structures vary; different structures have different implications for the intensity of competitive rivalry. A **Fragmented Industry** consists of a large number of small or medium sized companies none of which is in a position to determine industry price. A **Consolidated Industry** is dominated by a small number of large companies, or

in extreme cases, by just one company. Companies in such a setting are often in a position to determine prices.[1]

Strategic Management:

Strategic management is a process, an approach to addressing the competitive challenges an organization faces. It can be thought of as managing the pattern or the plan that integrates an organization's major goals, policies and action sequences into a cohesive whole.[2]

Strategic Management Process:

The process by which managers choose a set of strategies for a company that will allow it to achieve superior performance.[3] The strategic management process has two distinct yet interdependent phases: strategy formulation and strategy implementation. During strategy formulation the strategic planning group decides on the strategic direction by defining the company's mission and goals, its external opportunities and threats, and its internal strengths and weakness. They generate various strategic alternatives and compare those alternatives' ability to achieve the company's mission and goals. During strategy implementation, the organization follows through on the strategy that has been chosen. This consists of structuring the organization, allocating of resources, ensuring that the firm has skilled employees in place, and developing reward systems that align employee's behavior with the organization's strategic goals. [4]

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[1]   Noe .A. Raymond, Hollenback .R John, Gerhart Barry and Wright m. Patric 1999 "Human Resource Management—Gaining a Competitive Advantage " 3rd, McGraw- Hill, New York, pp 43

[2]   Ibid, pp.42

[3]   Jones.R. Gareth, Hill Charles 2003, "Strategic Management: An Integrated Approach " 6th Houghton College Division pp.3 and Noe .A. Raymond, Hollenback .R John, Gerhart Barry and Wright m. Patric 1999 "Human Resource Management—Gaining a Competitive Advantage " 3rd, McGraw- Hill, New York, pp 43

[4]   Noe .A. Raymond, Hollenback .R John, Gerhart Barry and Wright m. Patric 1999 "Human resource Management—Gaining a Competitive Advantage " 3rd, McGraw- Hill, New York, pp 43

Role of HR in Strategy Formulation:

A firm's strategic management decision-making process usually takes place at its top levels, with a strategic planning group consisting of the chief executive officer, the president, and various vice presidents. However, each component of the process involves people related business issues. Therefore, the HR function needs to be involved in each of those components. Four levels of relationship usually exist between the HR function and the strategic management function[5]:

- **Administrative Linkage:** HR function's attention is focused on day-to-day activities. The company's strategic business planning function exists without any input from the HR department.

- **One Way Linkage:** In one-way linkage the firm's strategic business, planning function develops the strategic plan and then informs the HR function of the plan. Many believe that this level of integration constitutes the strategic HRM.

- **Two Way Linkage:** This linkage allows for consideration of human resource issues during strategy formulation process. This integration occurs in three sequential steps. First, the strategy planning team informs HR function of the various strategies that the company is considering. Then HR executives analyze the human resource implications of various strategies, presenting the results of this analysis to the strategic planning team. Finally, after the strategic decision has been made, the strategic plan is passed on to the HR executive, who develops plans to implement it.

- **Integrative Linkage:** Integrative linkage is dynamic and multifaceted, based on continuing rather than sequential interaction. In most cases, the HR executive is an integrated member of the senior management team. Rather than an iterative process of information exchange, companies with integrative linkage have their HR functions built right into the strategy formulation and implementation processes.

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[5]   Ibid, pp.46

Human Resource Management:

Human resource management (HRM) refers to the policies, practices, and systems that influence employee's behavior, attitudes and performance. It is also referred to as "people practices".
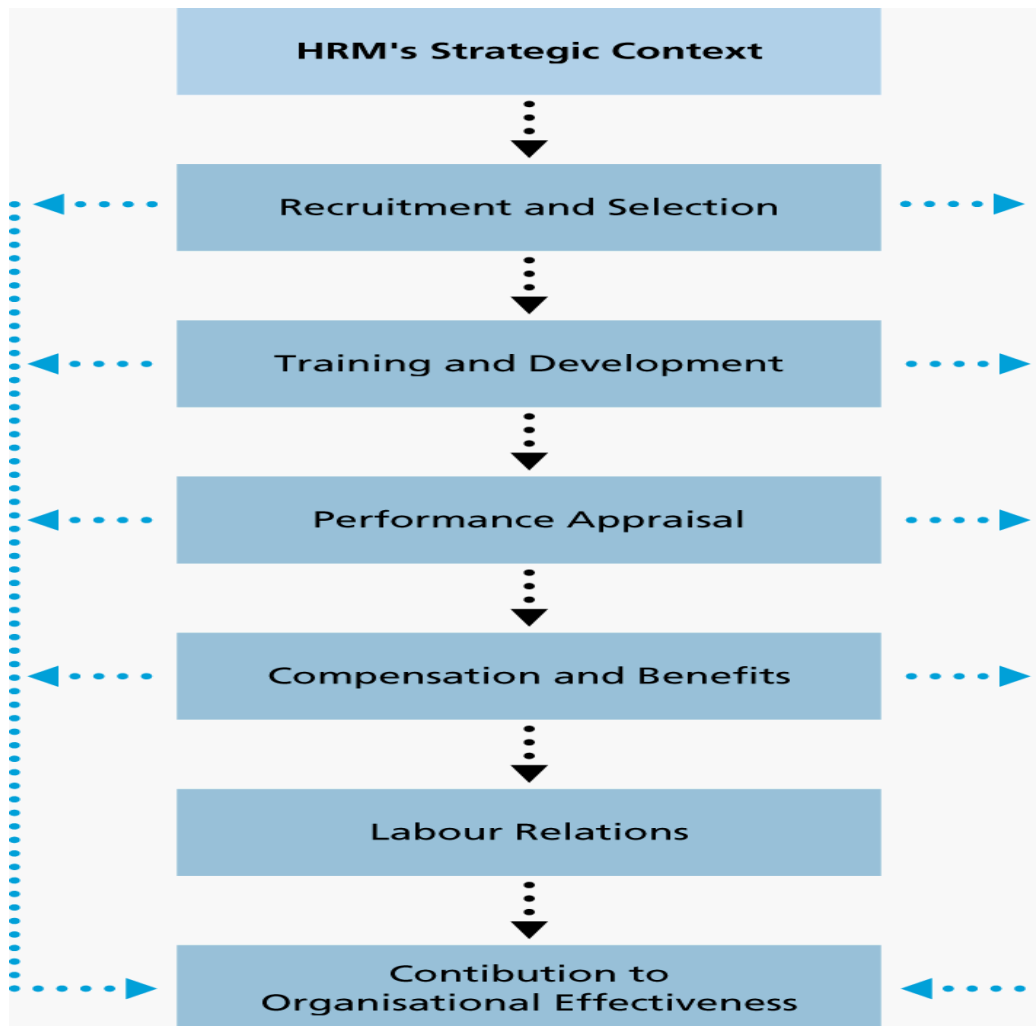
Figure 2.1- HRM process

The strategy underlying these practices needs to be considered to maximize their influence on the company performance. The HRM practices include determining human resource needs (HR planning), attracting potential employees (recruiting), choosing employees (selection), teaching employees how to perform their jobs and preparing them for future (training and development), rewarding employees (compensation), evaluating

their performance (performance management), and creating a positive work environment (employee relations)[6]. The entire HRM process can be summarized as under in figure 2.1[7]. In brief, it includes all activities designed to provide for and coordinate the human resources of an organization.

HR Functions & Practices:

The HR functions are tasks and duties HR mangers perform; determining the organization's human resource needs; recruiting, selecting, developing, counseling, and rewarding employees, acting as liaison with unions and government organizations; and handling other matters of employee well being.[8] The HR function can be thought of as having six major areas concern: job analysis/design, recruitment/selection, training and development, performance management, pay structure/ incentives/benefits and labor/employee relations.[9]

Human Resource Planning:

Human resource planning is the process of determining future human resource needs relative to an organization's strategic plan and devising the steps necessary to meet those needs. Human resource professionals and line managers consider demand and supply issue, as well as potential steps for addressing any imbalances.[10]

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[6] Noe .A. Raymond, Hollenback .R John, Gerhart Barry and Wright m. Patric 1999 "Human Resource Management—Gaining a Competitive Advantage " 3rd, McGraw- Hill, New York, pp 4

[7] http://www.orange.usyd.edu.au
[8] Lloyd L. Byers and Leslie W. Rue 2000, Human Resource Management, 6th, McGraw Hill, pp.4

[9] Noe .A. Raymond, Hollenback .R John, Gerhart Barry and Wright m. Patric 1999 "Human resource Management-Gaining a Competitive Advantage " 3rd, McGraw- Hill, New York, pp 53.

[10] Bartol. M. Kathryn and Martin. C. David 1998 "Management" 3rd, McGraw- Hill, New York, pp 315

Job:

Group of positions that are identical with respect to their major or significant tasks and responsibilities and sufficiently alike to justify their being covered by a single analysis. One or many persons can be employed at same job.[11]

Job Analysis:

Systematic collection and recording of information concerning the purpose of a job, its major duties, the conditions under which it is performed, the contacts with others that job performance requires and the knowledge, skills and abilities needed to perform the job satisfactorily; in brief process of determining and reporting pertinent information relating to the nature of a specific job.[12]

Job Design:

Job design deals with making decisions about what tasks should be grouped together into particular jobs. The way that jobs are designed should have an important tie to the strategy of an organization, because strategy requires that either new or different tasks or different ways of performing the same tasks. In addition, because many strategies entail the introduction of new technologies, this influences the way that work is performed. It can be simply stated as process of structuring work and designating the specific work activities to an individual or group of individuals to achieve organizational objectives[13]

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[11]   Lloyd L. Byers and Leslie W. Rue 2000, Human Resource Management, 6th, McGraw Hill, pp. 98
[12]   Ibid, pp.97-113

[13]   Ibid, pp.97 and Noe .A. Raymond, Hollenback .R John, Gerhart Barry and Wright m. Patric 1999 Human Resource   Management—Gaining a Competitive Advantage " 3rd, McGraw- Hill,   New York, pp 53

Job Evaluation:

Job evaluation is an administrative process used to measure internal job worth. These are the compensable factors that an organization values and choose to pay for. The characteristics may include job complexity, working conditions, required professional education, experience needed, and the responsibility. Job analysis provides basic descriptive information on job attributes, and job evaluation process assigns value to these compensable factors. [14]

Job Rotation:

Job rotation is the process of systematically moving a single individual from one job to another over the course of time. The job assignments may be in various functional areas of company or movement may be between jobs in a single functional area.[15]

Recruitment and Selection:

Recruitment is the process of seeking and attracting a pool of people from which qualified and suitable candidates for job vacancies are chosen. It is the process through which the organization seeks applicants for potential employment. Different sources of recruitment include, direct applicants and referrals, advertisements in newspapers and periodicals, public employment agencies, colleges and universities and electronic recruitment. Selection refers to the process by which it attempts to identify applicants with necessary knowledge, skills, abilities and other characteristics that will help the company to achieve its goals. Different types of selection methods include interviews (experience based and future oriented), references and biographical data, physical ability

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[14]   Noe .A. Raymond, Hollenback .R John, Gerhart Barry and Wright m. Patric 1999   Human Resource   Management—Gaining a Competitive Advantage " 3rd, McGraw- Hill, New York, pp 466.

[15]   Ibid, pp.434.

tests, cognitive ability tests, personality inventories, assessment centers, work samples and honesty and drug tests. Either these methods can be used in isolation or suitable combinations can be made to suit specific company requirements.[16]

Training and Development:

Training in simplistic terms refers to a learning process that involves the acquisition of skills, concepts, rules, or attitudes to enhance employee performance. It is a planned effort to facilitate employee learning job related behaviors in order to improve performance. Training denotes effort to improve the employee's skills on the present job, while the Development refers to efforts oriented toward improvements relevant to future jobs. Training efforts generally encompass three main phases.

- **Training Need Assessment:** The training process begins with the "Assessment Phase". This phase involves identifying training needs, setting training objectives and developing criteria against which to evaluate the results of the training program. Training requirements are determined by conducting Training Need Analysis. A need analysis is an assessment of an organization's training needs that is developed by considering overall requirements of the organization, tasks and the degree to which individuals are able to perform those tasks effectively.

- **Training Design and Implementation Phase:** This involves determining the training methods, developing training materials and actually conducting the training. The conduct of training can take various forms ranging from the classroom training to the On job training (OJT).

- **Evaluation Phase:** This entails evaluating the results of the training in terms of the criteria developed during the assessment phase. Major ways to asses training include measuring participant's reactions to the training to determine how useful it

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[16]   Lloyd L. Byers and Leslie W. Rue 2000, Human Resource Management, 6th, McGraw Hill, pp. 98-99 & 150.

was, assessing actual learning, determining the extent of behavioral change and measuring actual results on job.[17]

Training Methods:

A number of different training methods are used to help employees acquire knowledge, skills, and behaviors. The lectures and video tapes are most frequently used training methods. Other common methods include case studies, role-plays, CD-ROMs and practical training. The instructional methods can be crudely grouped into three broad categories; presentation methods, hands on methods, and group building methods.

Performance Management (PMS):

PMS is used to ensure that employees' activities and outcomes are congruent with the organization's objectives. It entails specifying those activities and outcomes that will result in the company's successfully implementing the strategy.[18] It is central to gaining competitive advantage. Traditionally performance appraisal system ahs been viewed as the primary means for managing employee performance, and a duty performed by HR function. PMS usually has three parts; defining performance, measuring performance and feedback performance information or linkage to compensation system[19]. The purposes of PMS are of to link employees' activities with strategic organizational goals, furnish valid and useful information for administrative decisions like promotion, pay raise etc and give employees useful developmental feedback. Any PMS must meet criteria of strategic congruence, validity, reliability, acceptability, and specificity. A number of approaches are used but most common are behavioral approach, results approach and balance scorecard method. Major sources of performance information are managers, peers, subordinates, self, and customers.

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[17] Ibid, pp. 210, 248
[18] Noe, Hollenbeck, Gerhart and Wright, International Edition (4th), Human Resource Management, pp. 70-71.
[19] Ibid, pp. 325-326

Compensation:

Compensation consists of wages paid directly for the time worked, as well as more indirect benefits that employees receive as part of their employment relationship with the organization. Wages paid for the time worked as typically payments made in cashable form that reflect direct work related remuneration such as base pay, merit increases, or bonuses. Benefits include forms of compensation beyond wages for the time worked including various protection plans, services, pay for time not worked and income supplement plans such as stock ownership. Benefits are considered a more indirect form of compensation because they are generally not as closely tied to the job and performance issues as other forms of remuneration.

Labor and Employee Relations:

Whether the companies are unionized or not, the general approach to relations with the employee can strongly affect their potential for gaining competitive advantage. Companies can choose to treat their employees as asset that requires investment of resources or as an expense to be minimized. They have to make choices about how much employees can and should participate in decision-making, what rights employees have, and what the company responsibility is to them. The approach a company adopts while taking these decisions can result in it either successfully achieving its short and long-term goals or ceasing to exist.

Corporate Culture:

A corporate culture is a system of shared values and beliefs that interact with an organization's people, structure and systems to produce behavioral norms. Corporate culture is defined as, "an interdependent set of beliefs, values, ways of behaving, and tools for living that are so common in a community that they tend to perpetuate themselves, sometimes over long periods of time. This continuity is the product of social forces that are frequently subtle, bordering on invisible, through which people learn

group's norms and values, are rewarded when they accept them, and are ostracized when they do not."[20] Culture is derived from both management and the organization itself. Manager through their actions and words define a philosophy of how employees are treated. The technology that a company is in will influence the culture. A company in a fast changing industry will have a different culture than a company in a slower changing industry. The term corporate culture applies to all types of organizations. An organization may have different sets of subcultures that may even be in conflict with the organizational culture. Management style and corporate culture are central factors in success of a company.

Succession Planning & Career Development:

Succession planning is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. Through succession planning process, organizations recruit superior employees, develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles. Through succession planning process, organizations also retain superior employees because they appreciate the time, attention, and development that organizations are investing in them. To effectively do succession planning in any organization, one must identify the organization's long-term goals. Organizations identify and understand the developmental needs of their employees and ensure that all key employees understand their career paths and the roles they are being developed to fill. Organizations need to focus resources on key employee retention. They need to be aware of employment trends in their area to know the difficulties in filling them externally.[21]

The larger issue is leadership development, tracking, and developmental opportunities. The real key in succession management is to create a match between the organization's

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[20]   Harvey Don and Brown. R. Donald 2001 "An Experiential Approach to Organizational Development" 6th, Prentice Hall, New Jersey, pp 69,70

[21]   http://humanresources.about.com

future needs and the aspirations of individuals. The only way to keep talented people is to provide them with growth opportunities that keep them stretching and finding more promising opportunities they might find elsewhere. The average college graduate will change jobs five times in his or her career. Within the next decade, this norm will probably increase to seven job changes. Recruiting and retaining leaders becomes an economic and strategic challenge.

Succession management serves as an interface between the human resource function and the strategic direction of an organization. In this role, it is a vital resource in anticipating the future needs of the organization and helps find, assess, develop, and monitor the human capital required by the organization's strategy. While serving as trusted adviser and confidant of the CEO, the succession management function may also reflect the concerns and needs of line executives throughout the business units. [22]

Employee Retention:

 Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. Also of concern are the costs of employee turnover (including hiring costs, training costs, productivity loss). Replacement costs usually are 2.5 times the salary of the individual. The costs associated with turnover may include lost customers, business and damaged morale. In addition, there are the hard costs of time spent in screening, verifying credentials, references, interviewing, hiring, and training the new employee just to get back to where you started.[23]

Human Resource Development (HRD:

HRD is defined as a set of systematic and planned activities designed by organization to provide its members with the opportunities to learn skills to meet current and future job demands. Learning is at the core of HRD efforts. HRD activities begin as soon as an

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[22]   http://humanresources.about.com
[23]   http://wfnetwork.bc.edu

individual joins an organization. These must respond to the job changes; integrate the long-term plans and strategies of the organization to ensure the efficient and effective use of resources.[24]

The Relationship - HRM & HRD/Training:

HRM can be defined as the effective selection and utilization of employees to best achieve the goals and strategies of the organization, as well as goals and needs of employees. HRM can be divided into primary and secondary functions. Primary functions are directly involved with obtaining, maintaining and developing employees. Secondary functions either provide support for general management activities or are involved in determining or changing the structure of organization like organization/job design, Performance management/appraisal and HRIS[25]. HRD can be a stand-alone function, or it can be one of the primary functions within HRM department. The structure and its scope have been shaped by trends faced by organizations. The relationship between HRM and HRD has been depicted through "**Human Resource Wheel**" (Figure 2.2)[26]. The HR wheel identifies three primary HRD functions.[27]

- **Training & Development (T&D):**   T&D focus on changing and improving the knowledge, skills and attitudes of individuals. Training typically involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted (e.g. in sexual harassment training, cultural biases). Development activities are, in contrast have a long-term focus on preparing future work responsibilities, while also increasing the capacity of

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[24]   Randy L. DeSimone, Jon M. Werner, David M. Harris, (2002), Human Resource
          Development, fourth edition, South-Western College Publications, pp.3

[25]   ibid, pp.7-9

[26]   P.A Mclagan (1989), Models for HRD practices, *Training and Development
          Journal*, 41:53

[27]   Randy L. DeSimone, Jon M. Werner, David M. Harris, (2002), Human Resource
          Development, fourth edition, South-Western College Publications, pp.11-12

employees to perform their current jobs. These begin when a new employee enters an organization, usually in the form of employee orientation and skills training.
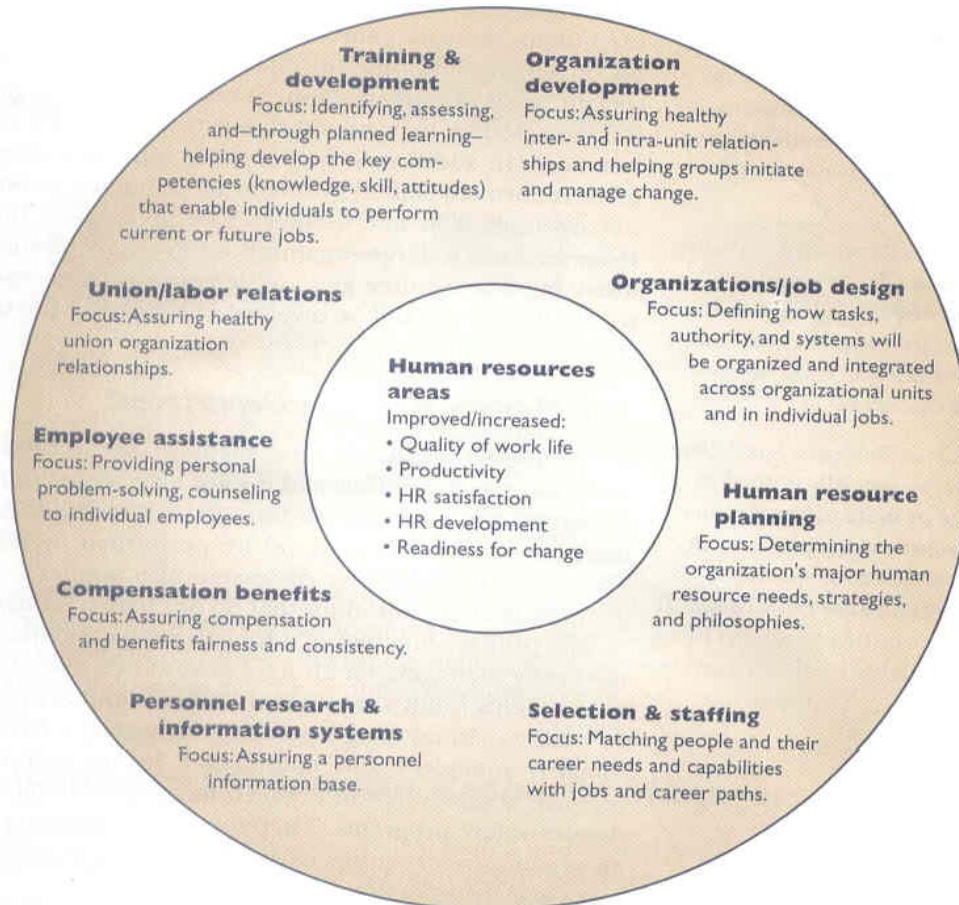
Figure 2.2 Human Resource Wheel

- **Organization Development (OD):** OD is defined as the process of enhancing the effectiveness of an organization and the well-being of its members through planned interventions that apply behavioral science concepts. OD emphasizes both macro and micro organizational changes: macro changes are intended to ultimately improve the effectiveness of the organization, whereas micro changes are directed at individuals and teams/groups.

- **Career Development:** Career development is an ongoing process by which individuals' progress through a series of stages, each of which is characterized by

relatively unique set of issues, themes, and tasks. Career development involves two distinct processes; career planning and career development. Career planning involves activities performed by an individual to asses his or her skills and abilities in order to establish realistic career plan. Career management involves taking the necessary steps to achieve that plan, and generally, focuses on what the organization van do to foster employees' career development. Career plans can be implemented, at least in part, through an organization's training programs.

The Framework for HRD Process:

HRD interventions involve a process that includes a four-step sequence; need assessment, design, implementation, and evaluation. (Figure 2.3)[28]
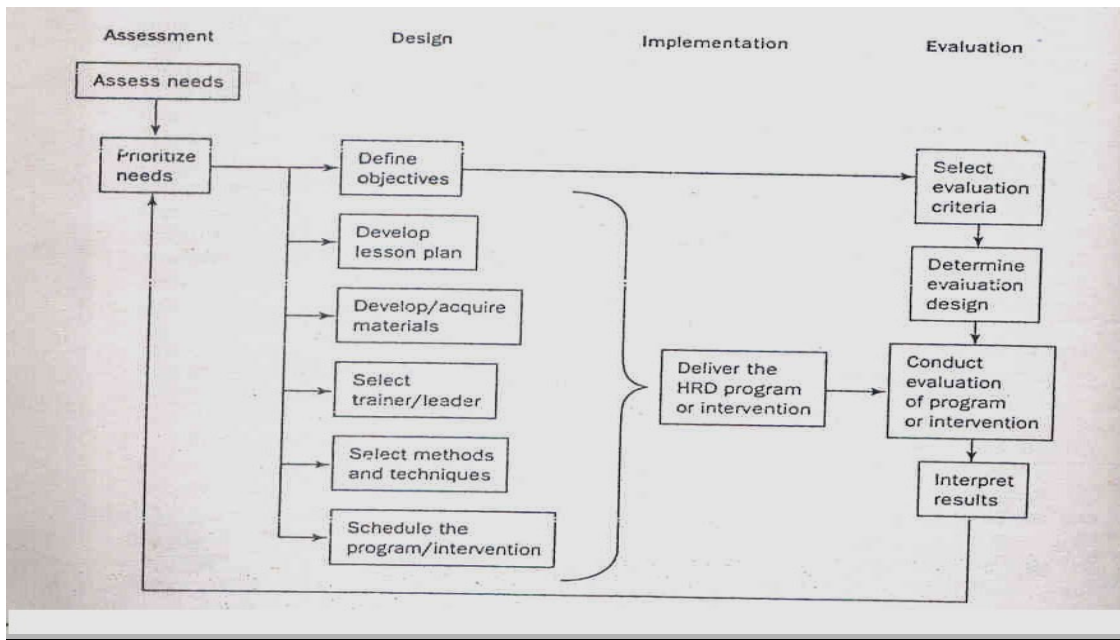
Figure 2.3 Training and HRD Process Model

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[28]   Ibid, pp 24.

- **Need Assessment Phase:** Training and HRD comes into play to address some need or gap within organization. Identifying needs involves examining the organization, its environment, job tasks, and employee performance. The information is used to establish priorities for HRD efforts, define specific training and HRD objectives, and establish evaluation criteria.

- **Design phase:** The second phase of training and HRD process involves designing the HRD program. It usually includes preparatory activities

- **Implementation phase:** This is the actual conduct stage of the training.

- **Evaluation Phase:** It is the final stage where effectiveness of the training transferred is measured and additional needs or review as applicable are considered.

The Need Assessment Process:

The need assessment phase typically involves organizational analysis, person analysis and task analysis[29]. The details are as explained:

- **Organizational Analysis:** It is the process of determining the appropriateness of training. It considers the context in which training will occur given the company's business strategy, its resources available for training, and support by managers and peers for training activities.

- **Task Analysis:** Task analysis is a systematic collection of data about specific job or group of jobs to determine what an employee should be taught to achieve optimal performance. Results of task analysis typically include the appropriate standards of performance, how tasks should be performed to meet these standards, and knowledge, skills, abilities and other characteristics (KSAOs) that employee needs to possess in order to meet the standards. The focus of task analysis is job and not the employee doing the job.[30]

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[29]   Noe, Hollenbeck, Gerhart and Wright, International Edition (4th), Human Resource Management, pp. 255.

[30]   Ibid, pp.137, 146.
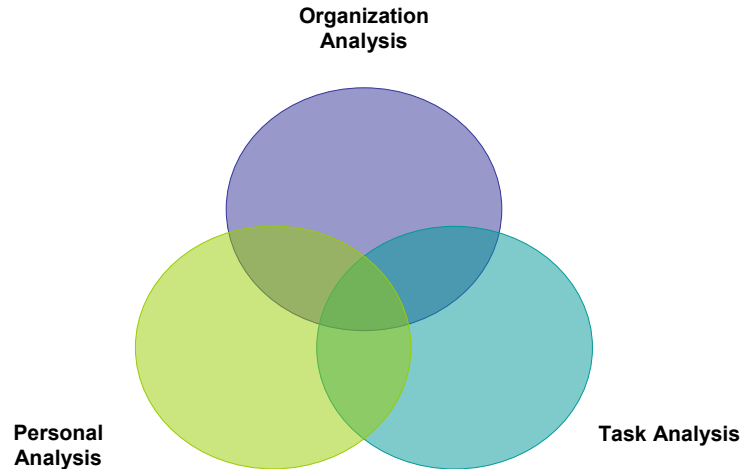
Figure 2.4 The Elements of Assessment Process

- **Personal Analysis:** Personal analysis is directed at determining the training needs of individual employees. The focus is typically on how well each employee is performing key job tasks. Traditionally it involves employee and his/her immediate superior. However, an increasingly common performance appraisal approach, called 360-degree performance appraisal uses as many of these sources as possible. It usually include summary personal analysis (overall evaluation of individual performance) and diagnostic person analysis (determine reasons of results).[31] In simple terms personal analysis imply determining reasons of performance differences, identifying who needs training, and determining employees' readiness for training.

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[31]   Ibid, 148-149.

Contemporary Thoughts on Training &Development and Succession Planning

In this part of the literature review, the latest available research relating to the training & development and succession planning issues facing organizations in the contemporary world is included. The material included in this section is taken primarily from the web-based resources. Salient extracts from contemporary thought process are reproduced below.

Training Needs Assessment[32]

From Denise M. Ruggieri

What, Why and How

Are you charged with the task of having your employees trained but do not know where to start? Consider performing a training needs assessment first. You will optimize the benefit to your employees while saving on the bottom line.

What is a training needs assessment?

A tool utilized to identify what educational courses or activities should be provided to employees to improve their work productivity. Focus should be placed on needs as opposed to desires.

For example, training dollars would be better spent on a new employee in the accounting

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[32]   http://adulted.about.com

department who needs to learn Microsoft Excel for their job duties as opposed to learning Microsoft Publisher which the employees wants but does not need.

Why conduct a training needs assessment?

- To pinpoint if training will make a difference in productivity and the bottom line.
- To decide what specific training each employee needs and what will improve their job performance.
- To differentiate between the need for training and organizational issues.

How is a training needs assessment performed?

There are several techniques that can be utilized individually or in combination with each other. More than one tool should be considered to get a better view of the big picture, however, which tools are used should be left up to company.

- **Meet with management.** Since most supervisors are involved with the planning of projects and the future of the company, they know what will be needed. They should be able to communicate where their employee's current abilities lie and what is needed to get them to the next level for new projects on the horizon.

- **Meet with employees.** Discuss what struggles they may be facing from day-to-day and what would make their job easier and more efficient. Remember to keep them focused on what they need rather than what they want.

- **Conduct surveys.** Surveys are beneficial because many people can be polled in a short period. Additionally, surveys provide employees with the opportunity to confess a need on paper that they may be too embarrassed to admit needing in a face-to-face meeting. Surveys should take the form of a questionnaire and can include close-ended or open-ended questions, or a series of both. Close-ended questions require the respondent stay within certain perimeters set by the person who created the survey. Being that the answers are limited, tabulating the data is simple. Open-ended

questions allow an employee to provide more feedback and introduce new ideas that may not have been considered initially, although tallying the results may be more difficult. A good option during the creation of a survey would be to include a combination of both close-ended and open-ended questions.

- **Conduct focus groups.** Focus groups allow for small group interaction, allowing the assessor to uncover details about their target audience. Brainstorming is encouraged allowing for an exchange of new ideas and a revelation of what training may be needed. They should be at least ninety minutes long to initially break the ice and for participants to become comfortable enough to express their thoughts. Depending on time limits, focus groups can be held once or repeatedly.

- **Review company goals and mission statement.** A brief review of the company's past and where they are headed for the future may reveal valuable information for training. A comparison should be made of what employees are currently doing and what will be expected of them as the company continues to grow and change.

Three things to consider:

- Consider meeting with employees that are already successfully completing tasks. You may uncover useful techniques that can be taught during training to other employees.

- Keep surveys brief. More employees will be willing to complete them and tallying the results will be more manageable.

- Good hand-written notes should be taken during a focus group and consideration should be given to either audiotaping or videotaping the session allowing it to be reviewed later for any details initially missed.

Six Steps

Mary Coombs, Director of Customized Training, at Salem Community College in Carneys Point, New Jersey, shares the method that works for her:

- **Step 1:** Sit down with a business partner to get their input on what they think their employees' needs are.

- **Step 2:** Develop a survey to be passed out to employees. Include some questions using a Likert scale of 1 to 5 and some open-ended questions. For example, have you ever thought, "I could do this job faster and easier if I just…."
- **Step 3:** Conduct a focus group.
- **Step 4:** Hold a second meeting with the employer to review the data from the survey and the focus group.
- **Step 5:** Develop a specific, customized training plan.
- **Step 6:** Execute the training

HR as a Product: Be the Brand of Choice[33]

From Judith Brown

Rethink Your Role as a Human Resources Department

It is time for Human Resources practitioners to rethink their role and that of the HR department, not only for the purposes of contributing to the organization's bottom line, but also for their own survival.

HR continues to balance the demands of several different roles: business partner, internal consultant, operational and administrative expert and both employee and employer advocate. This may sound like business as usual, roles that are not likely to create a mad rush of HR people arming themselves for the future.

In reality, however, they are new. Although the questions may be the same, the answers most assuredly are not. The ongoing challenge is to establish new deliverables and to sustain strong partnerships with both internal and external customers. The ability to see

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[33]   http://as01.ucis.dal.ca

the big picture-and to deploy the resources to address the big picture-will be more important than ever.

Determine Your HR Department's Current Reputation and Brand

If you were to ask your employees today, "What does the HR Department do?" would they mutter something unintelligible to you and make a run for it? If that is the case, your human resources department needs to rethink its role and do some in-house marketing, marketing research and public relations. First, you need to ask yourself some important questions:

- Do you know what your HR department's reputation is among the employees? When HR is mentioned, do managers picture savvy strategists, backward bureaucrats, or pleasant, people-pleasers?
- Do employees understand and appreciate the importance of the HR department in furthering the organization's mission and objectives?

- Does the HR department make an effort to market its services to the organization? If it does not, then it has the reputation it deserves.

Talk to Employees to Learn the HR Department Reputation and Brand

The key is to open up conversations with all levels of employees, and present yourself in the role of facilitator instead of enforcer. You have to get out of the HR office and into the world of your organization's employees. Finding these answers requires dialogue, which means that HR must communicate. That communication must consist of equal parts of listening and promotion.

First, HR must listen carefully to what its customers need. Then it must promote what it has done and can do. HR staff must educate the organization about its capabilities and potential contributions. No one knows your capabilities as well as you do.

Employees, for the most part, still see HR as "those people who handle benefits and do interviewing." To position the HR function for the next decades, every HR practitioner

needs to take on a public relations role-starting with your own employees. Think of yourself as a product and do some smart marketing.

The marketing of the HR department requires you to demonstrate your problem-solving skills, so others will know you do much more than simply process papers. The best form of advertising is the actions you take. By your actions, processes and programs, you can promote the HR department as a flexible, adaptable, solutions-oriented partner, a resource to whom the organization can turn when it needs problems solved.

Your HR department can be something that helps your organization when it needs help. To make your HR department even more beneficial, read about.

Selecting External Training or Consulting Services[34]

Perhaps your group is working on a project and could use some outside assistance. Maybe your department would benefit from a facilitated exercise in strategic planning. Or your team may need some rejuvenating. You may know that your work group needs training or consulting services, but perhaps you aren't sure who can provide them for you. Your first step should be to contact Human Resource Development at 494-8886 to see what options are available within Dalhousie University. HRD's services are free of charge to University groups and departments and the staff there have years of experience in a wide range of topic areas.

Should you decide that you will seek training or consulting from a source outside Dalhousie, there are a number of things that shouls consider

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[34] http://humanresources.about.com

1. **Define Your Needs** as specifically as possible. Do you need an informal group discussion or a more formal workshop? What topic needs to be addressed? Are there other issues that caused this need for training or consulting that should be addressed or, at least, identified? This information will help the trainer/consultant provide you with what you need. Vague requests will lead to vague results which probably won't stick or be relevant to your needs.

2. **Selecting A Trainer/Consultant**. Do some homework to find out what consultants are around locally that have experience dealing with the issues you and your group are facing. Speak to several directly, if possible. Get a feel for how they present themselves and their material. Ask about their training/learning philosophy to see if they even have one. If you are looking for a practical, real-world look at your topic and this trainer takes a theoretical approach, you could be wasting your money.

Ask for references and contact them to seek reviews of past performances. For a workshop, ask the trainers if they will customize their content to suit your audience or if they plan to deliver a "canned" presentation. Good facilitators should be able to customize at least some of their material to make it more relevant for your group. Ask them how they will do that. Good facilitators should also be asking you lots of questions about your situation and expectations. You might, if appropriate, suggest that they speak to several in your group to get their viewpoints on the topic.

3. **Logistics**. Determine an appropriate duration, location, and fee for the work you want done. Should it be one session or a series? On-site or off-? Work day, evening, or weekend? What are the trainer's audio-visual requirements? What type of room is appropriate? Should participants have a writing surface? A fixed- seating auditorium-style room won't work if the trainer needs open floor space for an activity. Know what your budget is, and keep in mind room fees, catering costs, etc.

4. **Touch Base**. Perhaps closer to the date, ask for an outline of course content, if it is a workshop you have decided on, to see if they are on target with what you want, and ask about their teaching methods to try to gauge the level of participant interaction with the

trainer and with each other. Limited learning takes place when a trainer predominantly lectures to his/her audience. Confirm all details to avoid surprises.

5. **Evaluate.** After the event, evaluate whether your objective was met. What will you do differently next time? How will you follow up this learning to reinforce it within your group?

If you're initial reaction during or after the session is that the consultant was no good, stop and ask yourself if you gave him or her all the information you could have. Avoid regrets and wasted time and money by doing everything you can early on to ensure this person knows as much as possible and can use that information effectively. Only providing part of the picture will limit his or her ability to deliver what you need.

Training: Your Investment in People Development and Retention[35]

By <u>Susan M. Heathfield</u>

The right employee training, development and education at the right time provides big payoffs for the employer in increased productivity, knowledge, loyalty, and contribution. In The Human Capital Edge: 21 People Management Practices Your Company Must Implement (or Avoid) to Maximize Shareholder Value, Bruce N. Pfau and Ira T. Kay state that "U.S. corporations are spending unprecedented amounts - anywhere from $30 billion to $300 billion, depending on which study is cited - annually on internal training programs. The most common figure cited is about $60 billion."

With this amount of money invested in training, organizations need to make certain their investments are wise. How training needs are determined, how training is viewed by employees, and how training is delivered become critically important issues. Training

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[35]   http://humanresources.about.com

trends and methods of gaining knowledge other than traditional classroom training, such as coaching and mentoring, take center stage.

New employee orientation is a significant factor in helping new employees hit the ground running in your organization. Training that helps each employee grow their skills and knowledge to better perform their current job is appreciated as a benefit. It also increases employee loyalty and helps you to attract the best possible employees.

Licensing, certification, continuing education units, and training to retain and grow skills are becoming increasingly important. According to the State of the Industry Report 2002: The American Society for Training and Development's Annual Review of Trends in Employer-Provided Training, the amount of employer-provided training is rising in the United States. ASTD contends that leading firms, as exemplified by their Benchmarking Service participants, spend 2.0 percent of payroll on total training expenditures and approximately $704 per employee.

In a Future Search facilitated by ASTD and attended by a carefully selected group of participants, ten training trends were identified as affecting workplace learning and performance. These trends included:

Money - increasing pressure from shareholders requires that the return on investment (ROI) for training impacts the bottom line,

Time - shorter time frames for learning, often facilitated by technology, and Change - as the pace of change appears to speed up, people increasingly resist change and question whether technology has moved too fast.

Other trends included: careers, technology, knowledge, diversity, work, world, and meaning. Expect that these ten trends will impact how training is provided, who is trained, and the ROI your organization expects from the training you provide. Transfer of training and information from the training provider, whether online or in a classroom, to the job, will also become increasingly important as you invest more resources in training.

Additionally, the State of the Industry Report found that these industries spent the most on training: finance, insurance, real estate, transportation and public utilities, and technology. Companies spending the least were durable manufacturing, health care, agriculture, mining, and construction. According to the report, "On a spending-per-training-eligible-employee-basis, non-durable manufacturers spent the most."

Catch the Wave: Six Training Trends [36]

Looking for New Directions for Your Training Processes, Products and People?

by: Susan M. Heathfield

The wave of the future of training is breaking on the shore. It's dissolving old ways of thinking and asking organizations to look at training in a whole new way. Why? Because much of what organizations did for years in training failed to produce the desired results, if expected outcomes were defined at all. Yes, results. It's no longer acceptable to hope an employee learns something - or maybe gets entertained - at a training session. The agile, changing organizations that will succeed in the future are thoughtfully developing their most important resource: the people they employ. Several of the trends highlighted have already attracted attention and followers for a number of years but not all organizations have caught the wave. Others are just beginning to dissolve traditional training methods.

Adopt a Performance Consulting Strategy

Not another word for needs assessment, a training professional who can provide performance consulting is in demand. The training function is no longer a catalog of classes. Even the best of generic classes is not positioned to meet the needs of various people and job functions. Interacting with the potential internal or external customer to learn their needs and then to develop custom content to help them achieve their desired

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[36]   http://humanresources.about.com

outcome is the recommended approach. This requires that the training professional can assess needs and make recommendations about activities, reading, lessons, classes, work assignments and approaches that will help the customers create their success. Scheduling a class for the customer will rarely achieve this goal.

To do performance consulting well, trainers need education in organization development, group process, and various other methods that will help them serve customer needs. They also need the active support of their managers as their performance becomes more independent. It is harder for an organization to see the results that are obtained from consulting engagements and follow-up. In a training session, you have the end of class "smile" sheet ratings to tally and average to get a score. A valid measure? Not entirely, but it's something a manager can see and hold. You can measure the success of performance consulting and training as the next trend demonstrates, but it's harder.

Measure Results to See Impact

Long accepted as a good example of the "right" way to measure training success, Donald Kirkpatrick's (1979) four levels of training evaluation are hard for organizations to do, so especially level three and four evaluation is infrequent. The first level measures the learners' reaction to the training program. The second level measures the learning that has occurred. Third level training evaluation measures the changes in behavior the participants exhibit on the job as a result of the training program. Level four measures the results of the training program as these results affect the organization's bottom line.

Training professionals who want to stay in business and add value to their organization are evaluating training processes and programs on all four levels. According to the Learning Resources Network, 77 percent of organizations use reaction measures; 36 percent use learning evaluations; 15 percent measure behavior change; and eight percent measure results. All of the measures of effectiveness are increasingly used to assess training. Organizations that are maximizing the potential of the money they invest in learning processes are asking about measurable outcomes.

Training Delivery Is Changing

Site visitors ask me frequently for resources about teaching line managers and other employees how to train. Trainers have the platform skills needed for effective training delivery, but people who work in your line organization have the knowledge about and control of the work processes. In fact, if it's the boss doing the training, employees are likely to learn the subject matter. Trainers are increasingly asked to impart training skills to people who are experts in subject matter. So, training others to train is a desired competency. With non-trainers training, the training professional needs to hone his skills in locating resources, needs assessment, training design and development, and performance consulting. These are the competencies you will increasingly use as a training professional. You'll sit in the audience and cheer your Subject Matter Expert (SME) on.

Training Delivery Systems Are in Transformation

According to a report by the Learning Resources Network (see side bar), currently, 80 percent of instruction is by live teachers, but about six percent of that is remote, mostly online. Computer-based training with no live instructor accounts for 13 percent of training. About 9 percent is by on-the-job, self-study or other means. You can expect this last to grow. Currently, most computer-based training is via CDs. More training is provided via Intranets than the Internet, but expect both of these delivery systems to expand in the future. The key is that multiple ways of delivering training are available to meet the needs and preferences of any employee. If you're not exploring methods of delivering training that utilize CDs, the Intranet, the Internet, and subject matter experts, you're limiting your potential to serve the needs of your organization.

Your Customer Is the Individual Employee

As performance management systems and individual development plans replace the traditional appraisal system, increasingly your training customer will be the individual employee. This is amplified by the number of ways in which you can deliver training. In addition to classes, individual employees will learn through cross-training, stretching

work assignments, lateral moves to different jobs, reading, facilitated sessions, and other methods. Development plans are increasingly individualized which requires that the objectives of any training experience are individualized. You'll see less department-wide sessions and fewer company-wide classes offered. As strategically important as people are for your future, you'll give individual employees the opportunity to grow. Or, the employees you most want to keep will find an organization that will.

Training is Delivered Just-in-time, as Needed

Immediately applying the new information learned in a training experience allows the employee to practice new behaviors. Giving employees information months or even years before they need it will ensure training failure. You'll see more training provided in response to individual development plans just when the employee needs the training.

In Conclusion

These six trends are shaping your future in training. There are other training trends I did not touch upon here, but if you've caught the wave relative to these, you're setting yourself up for years of success in your organization. Can it get any better than that?

Training Trends[37]

From Susan M. Heathfield,

Training conferences provide insights into what is happening in the field of training and development. Attending the annual American Society for Training and Development (ASTD) conference or Training or another of the specialty training conferences now available, is educational. These are several of the trends I am hearing a lot about.

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[37]   http://humanresources.about.com

Multimedia and Online Training

"If you're not in multimedia or online training, you'd better be thinking about it," said one trainer to another at a recent Training conference. Both the Exposition and the Conference sessions echoed this sentiment. A recent ASTD conference featured less multimedia, but online providers of educational sessions proliferated. Even though the current move in organizations has been to offer training on CDs, Web-based training (WBT) is not far behind.

As one booth worker explained, "There are basically three market segments these companies are going after. They want to be aggregators of content from whom organizations purchase a set of courses to offer internally. They want to develop and offer their own courses for an annual or pay by course fee. Or, they want to offer classes to individual consumers."

The quality of the courses varies as does the amount and type of multimedia used in their presentation.

Additional Topics Generated by Web Based Training (WBT)

This move to online learning has created several sub-conversations. One is Electronic Performance Support Systems (EPSS) that deals with the interface between people and software. Another is creating and offering courses that trainees will actually finish; the drop out rate in self-monitored training is high.

In a less positive direction, some providers of traditional training were attempting to move traditional, manual-based courses online. The resultant courses looked like training manuals online and did not tap into the advantages of the Web including interconnectivity and the ability to publish real-time, up-to-the-minute information.

Finally, training professionals were discussing how to integrate a real, live instructor and peer interaction with Web-based or CD training.

Performance Consulting

Human Performance Technology or performance consulting is changing the face of the traditional training department forever. Few training organizations offer trainer-led, generic classes as the only, or even major, solution to organizational challenges and opportunities any more.

Emphasis is now placed on providing a range of potential solutions and assists that include in-depth needs assessment via interviews, surveys and focus groups. Alternatives to training offered by progressive human resource departments include coaching, organizational development or planned change consultation and interventions, facilitated planning sessions and large group processes. The training that is provided is often custom-designed with stated outcomes congruent with the direction of the business.

Performance Management

Another trend that is sweeping the field of human resources is the integration of training and development into an entire performance management system. Organizations are moving away from the long-established, one-on-one appraisal or performance review with a boss held once per year.

They are designing performance management systems, instead, that provide an individual with personal and professional developmental goals and training opportunities. In a performance management system, people receive more frequent feedback from many points of view including peers, direct reporting staff members and the boss. The feedback, known as 360-degree feedback, provides a more balanced set of observations for the employee.

The performance management system also integrates a performance development plan for the individual. This plan assists the employee to continue to develop his skills and abilities. For these plans, preference is accorded to integrated corporate university courses and internally custom designed and presented training.

Performance development plans may include coursework, but also provide learning activities on the job such as special projects, serving on cross-functional teams, and skill stretching job assignments.

Conclusions About Training Trends

One training trend is for sure. Traditional classroom training is no longer the exclusive opportunity to learn. The age of training that includes training CDs, email classes, online learning, blended learning and university degrees online is exploding. These training opportunities are here to stay. I look forward to watching and participating in their growth and change.

Training CAN Make a Difference: Twelve Tips for Training Transfer[38]

Susan M. Heathfield

Can you turn your training participants into learning magnets who can't wait to attend their next training opportunity? Absolutely. Can you expect improved work performance as a result of the time, energy, and money you invest in training? Absolutely. You just need to pay attention to who presents the training, how the training is presented, and the role you expect from participants. What participants do during the training session makes all the difference. Use these twelve ideas to address complaints about training (I don't have time; it's a waste of time; my boss won't let me do anything I learn anyway) and spark improved performance in your workplace.

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[38]   http://humanresources.about.com

Twelve Tips for Training Transfer

- **The trainer makes a difference.** One of the most effective training sessions I ever attended was at General Motors. As part of a corporation-wide culture change process, all employees attended an educational session. The key ingredient was the instructor. He was a GM Executive; he expected each individual attending the session, in turn, to instruct the people who reported to them. The ability to train others is one of the most important indicators of training retention. (An organization development consultant assisted with the sessions as well, since not every manager was confident of his ability to train.) Alternatively, participants react more favorably to trainers who have experience in their industry. They appreciate facilitators who have experienced and addressed the issues and situations highlighted in the training. The more closely the instructor can link the training to participants' real life experience, the better for application of the information later on the job.

- **Present training as part of a consistent message from the organization.** Classes must build on each other and reinforce the content learned in earlier sessions. Too many organizations approach training as a potpourri or menu of available classes and sessions. When there is no interconnection between sessions and the information provided in the sessions, organizations lose a great opportunity to reinforce basic shared skills, approaches, and values. Training must reference earlier sessions, draw parallels, and reinforce content. As an example, one university supervisory development program introduces an effective feedback process in a communication class. This feedback model is then reinforced and emphasized in the conflict resolution session, the performance management session, and the motivation session. Participants receive a consistent approach, emphasized across sessions, to ensure transfer to the workplace.

- **Ask each individual's manager, and the manager's manager, to attend the training session with their staff.** When three levels of an organization attend training together, participants may be more willing to try out the ideas learned in training. This is especially effective if participants see their manager trying out new

skills as well. This is also important for reinforcement of the training following the session, the subject of the third article in this series.

- **Provide training in "chunks" that are scheduled over a period of time.** I find people learn more in training sessions that provide chunks, small amounts of content, based on a couple of well-defined objectives. Participants attend these sessions, perhaps a couple of hours per week, until the subject is learned. This allows for practice of the concepts in between the sessions. Content and application of concepts are reinforced at each subsequent session. This also allows people to discuss their successes and difficulties in applying the training in their actual work session. The instructor can help participants practice the training content by giving assignments that are debriefed at the next meeting.

- **Train skills and information that are immediately applicable on the job.** "Use it or lose it," is a common refrain about training. This is a true statement. Even with strategic skills such as listening, providing performance feedback, and teambuilding, set up situations in which practice is immediate and frequent, to help participants retain the training. In application-oriented training such as software training, don't bother with the training unless participants have the software. In fact, training is often more effective if they experiment with the program first, before attending the session.

- **The trainer can set a positive, productive tone for the session and the later application of learning with a positive, informative, honest opening that stresses behaviorally oriented objectives.** How the instructor opens the training session begins the process of managing participant expectations. ("You will be able to do the following as a result of attending this session…") According to Jim Clemmer, of the Clemmer group, "Research clearly shows far more people act themselves into a new way of thinking than think themselves into a new way of acting." Participants need to know what expectations they can have of the session so the objectives must be realistic and not "over-promise." At the same time, the opening should stress "what's in it for me," the WIIFM participants will experience as a result of their wholehearted participation in the session. Emphasize "what's in it for the trainee," the value of session and the information during the entire session.

- **Make use of session pre-work during the actual training session.** Asking people if they "read the article" or "thought about" the concept is not enough! SFC Chris Mitchell, an instructor with the U.S. Army, who specializes in experiential learning and small group techniques, offers the following example of integrating pre-work in a training session. "The best pre-training exercise that we have used…is to send out a list of focus questions. The only instructions provided were, "Answer the questions as completely as possible and keep the answers private." When the participants arrive at the workshop, have them meet in a central location with a chalkboard. On the chalkboard write a message saying, "Feel free to discuss your questions and answers." After 20 minutes the trainer should enter and ask the group what they were discussing. Then you carry on from that point. We found out…that if students were given a topic of discussion, presented from several viewpoints, and then allowed to "pre-discuss" the topic, the topic was better understood and better retained.

- **During the training session, practice active learning principles; honor a variety of learning styles.** Recognize that a range of activities and information applications will appeal to participants' varied learning styles. Use real life examples, analogies, case studies, small group discussion, presentation, and experiential exercises. Provide visual support materials such as films and transparencies for people who learn visually. Activities will appeal to your hands-on crowd. Ask participants to provide examples of the concept you are training from their experience. By keeping the training varied, exciting and stimulating, you help people retain the content. By appealing to the variety of learning styles in your group, you enhance participant learning. Examples and application exercises ensure people can connect new material to their current practice and what they already believe. This, in turn, ensures transfer and application on the job. Active Training by Mel Silberman is an excellent resource for additional ideas.

- **Increase trainee investment in the session by engaging them in tasks requiring action.** Provide easy ways for participants to take notes; periodically ask participants to jot down application ideas. Ask them to share these ideas in a small group. Ask people to underline the most important concept on a page; circle the ideas that most apply to their circumstances. Request that participants identify how their supervisor

can help them apply the training. Make action planning an ongoing activity during the session, instead of a too often time-crunched activity at the end of the session.

- **Provide reference materials and job aids for review after the session.** Include participant input into the materials, making participants more likely to use the documents. Katie Norton, of Katie Norton Consulting in Santa Fe, New Mexico, suggests "I have been conducting customer service trainings for a large, private medical practice and as follow-up to the training we have developed a Customer Service Manual. This manual contains the suggestions, ideas, tips, and "rules" for each of the departments that came out of the training sessions. It will be part of the orientation for all new employees and will also be distributed to all existing employees once it is complete. We will also conduct annual (or more frequent if necessary) refresher courses for the staff."

- **During the session, discuss how to address real life scenarios, and barriers participants believe they will encounter when they apply the training.** According to Dr. Allison Rossett, Professor of Educational Technology at San Diego State University, in That Was a Great Class, But... from Training and Development Magazine, "Too often, training professionals don't prepare participants for the real world in which they will attempt to use what they learned in class. Trainers should work on performance barriers in the domain they can control, their classrooms. They can share data from the needs assessment on unearthing barriers and offer ways to overcome them. Trainers can also discuss with participants their managers' or co-workers' possible objections. The participants can practice their responses. In other words, trainers can inoculate participants against the thoughts, words, and deeds of resistance. They can share suggestions from participants who were able to transfer what they learned in training and who came up with successful approaches to get more computer resources, supervisory support, and so forth."

- **Assign or self select a training partner.** One of the more effective sessions I have attended supplied me with a training partner. The role of training partner was well-defined and agreed upon by participants. We contacted each other for six months following the training program to compare notes and assist with application challenges. I developed an excellent professional colleague in the process. A list of

program participants does not provide enough incentive; it generally languishes in the pocket of the materials binder on a shelf.

Whether you facilitate training sessions or select them for others, these twelve tips should help you present sessions that work. The content, from sessions that apply these ideas, is absorbed by participants and actually used to improve performance back on the job.

"Succession Planning"[39]

From Susan M. Heathfield,

Definition:

Succession planning is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. Through your succession planning process, you recruit superior employees, develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles.

Through your succession planning process, you also retain superior employees because they appreciate the time, attention, and development that you are investing in them. To effectively do succession planning in your organization, you must identify the organization's long term goals. You must hire superior staff.

You need to identify and understand the developmental needs of your employees. You must ensure that all key employees understand their career paths and the roles they are being developed to fill.

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[39]   http://humanresources.about.com

You need to focus resources on key employee retention. You need to be aware of employment trends in your area to know the roles you will have a difficult time filling externally.

Choose Tomorrow's Leaders Today[40]

Succession planning grooms firms for success

Robert M. Fulmer Ph.D.

While the demand for effective managers continues to grow, the retirement of baby boomers is producing a sharp decline in the ranks of available personnel. In addition, the executives of the future are expected to be more sophisticated in order to develop and lead new global and technological initiatives. For these reasons, careful planning for the eventual replacement of managers at all levels in organizations has gained strategic importance.

This is true for small firms as well as large ones. It's not just succession to the top - It's getting the right person in place for every job. Some of tomorrow's key jobs may not even exist now. If a firm plans to double in size in five years, they will need more talented managers.

The larger issue is leadership development, tracking, and developmental opportunities. The real key in succession management is to create a match between the organization's future needs and the aspirations of individuals. The only way to keep talented people is to provide them with growth opportunities that keep them stretching and finding more promising opportunities they might find elsewhere. The average college graduate will change jobs five times in his or her career. Within the next decade, this norm will probably increase to seven job changes. Recruiting and retaining leaders becomes an economic and strategic challenge.

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[40]   http://www.citehr.com

Succession management serves as an interface between the human resource function and the strategic direction of an organization. In this role, it is a vital resource in anticipating the future needs of the organization and helps find, assess, develop, and monitor the human capital required by the organization's strategy. While serving as trusted adviser and confidant of the CEO, the succession management function may also reflect the concerns and needs of line executives throughout the business units.

To discover what leading practitioners of this complex art have learned, 16 firms sponsored an investigation with the American Productivity and Quality Center into the succession management practices of companies who had been identified by published reports or nominated by the study team as potential "best practice partners." The study sponsors voted to choose Dell Computer, Dow Chemical Company, Eli Lilly and Company, Pan-Canadian Petroleum, and Sonoco Global Products as firms they would like to visit and study their approaches to management succession.

In this investigation, we found that succession management is a continuous annual process. It requires an ongoing commitment of top executives, divisional HR Staff, and succession management specialists. At Dell Computer, committed top executives were able to assemble a succession management program very rapidly, and they have used it to manage an incredible rate of growth without major discontinuities. Collaboration between the CEO and succession management teams can create a virtual cycle of success.

All best-practice partners felt fortunate to have the enthusiastic support of the top management. But this support was not gratuitous and was earned by providing an essential service. At Dow, the process was designed with the active involvement of the CEO, the vice president of human resources, and the workforce planning strategic center. At Pan-Canadian, the CEO is the key sponsor for succession management, and a senior management committee of vice presidents steward the process at the corporate level.

One of the clearest insights discovered is that effective succession management is a journey, not a destination. The best-practice partners in this study did not succeed in their first efforts at succession management. Similarly, none have rested on their laurels since

having their process up and running. They continually see and adjust their systems as they receive feedback from line executives, monitor developments in technology, and learn from other leading organizations. For example, Dell reduced the degree of computerization for succession management data in response to feedback from the field. Conversely, Lilly focused on providing a single integrated, centralized, and synchronized database of succession information.

Monitoring Future Needs

Succession management identifies and monitors various talent pools within the organization to match the future needs of the organization with the bench strength of available talent. Not having the right talent in place is often a growth-limiting factor in achieving business potential. With the impending retirement of baby boomers and increased demands for diversity, leading organizations are building systems that provide talented, high performers opportunities to grow. For example, Sonoco identifies eight separate pools that are sorted by division or business unit. Pan-Canadian focuses on "bright lights" and critical skills but also looks across the organization, especially for high potential young managers reporting to senior executives.

Talent Assessment

Talent assessment is a semi-transparent process in best-practice organizations. Most managers receive feedback and information about their developmental needs and suggested activities for further growth. Individuals who have been designated as high potential are seldom told of this designation to avoid raising expectations. At Lilly, an eight-page talent identification questionnaire is used to evaluate the assumed potential of 15,000 associates on performance, potential derailment factors, and learning agility. Similarly, Dell uses scaling calls to determine an individual's level of talent.

Best-practice partners use a core set of competencies or behaviors to establish a standard of comparison for assessment. Most organizations use a subset of leadership competencies that are aligned with the core set. All use these competencies as a basis for performance management and four out five use these for identification of high- potential

employees. Furthermore, best-practice partners used fewer competencies than study sponsors, feeling that simplicity and focus were stronger advantages than comprehensive efforts. Dow has moved from having different competencies for each global business to a common set of seven used throughout the corporation. Dell focuses on "global corporate talent," which consists of individuals who have the capability to "run significant portions of a …. Business…on a global basis." They also track "functional high potentials."

Technology Used to Integrate Data

The use of technology in succession management varies widely within the best-practice organizations. Yet, web-based systems seem to offer great potential for worldwide access and large-scale integration of data. As suggested previously, Dell has moved from more extensive global software applications to a much simpler MS Excel workbook to organize data. Sonoco moved to integrate four commercial applications (PeopleSoft, HR Charter, Lotus Notes, and ExecuTRACK) into a seamless system that can be globally accessed and updated daily.

Developmental Activities

Meet Organizational Needs Best-practice partners employ a wide range of developmental activities to engage leaders and extend their capabilities. These firms spend considerable time creating stretch developmental opportunities that are consistent with the organization's needs, as well as with those of the individual. Several firms reported that they would give people a temporary assignment as a part of, or tied in with, an action learning assignment.

Dow Chemical offers mentoring, coaching, and action learning along with university-based programs. Dow's internal research indicates that graduates of their internal executive education program showed improvements in strategic thinking, external focus customer orientation, and global view. Dow also offers an extensive array of training courses on-line. They report 14,000 on line courses were completed online in one week. Eli Lilly uses individualized developmental plans, 360-degree feedback, job rotation and a formal mentoring program as part of their developmental arsenal.

Subject Firms Measure Performance

All best-practice partners use some variety of a nine-box matrix for classifying the performance of their managers. In most instances, this matrix (originally popularized by General Electric) assesses individuals on the basis of performance, corporate values, and perceived potential. An individual who is performing well may not be judged as highly as someone who has not gotten comparable results but has persevered in a real stretch assignment. A popular competency was "learning agility." This refers to the ability and willingness to learn new material and adapt to new situations.

The major metric by which succession systems are evaluated is the percentage of openings filled from within the firm. Sonoco finds that the performance / promotability matrix is 80 percent to 90 percent accurate in identifying candidates for key positions. At Dow, the hit rate of the succession plan is the key measure. If the person elected for an open position was on the list of potential successors, the system is believed to be working. The current hit rate of 75 to 80 percent shows considerable improvement from the past and is viewed as a reasonable target. Other key metrics include diversity and cross-functional assignments. Lilly has a measurement system that ensures its senior management cadre includes diversity in gender, ethnicity, and geographic origin. Finally, a unified approach to succession management can help to maintain consistency between different business units and geographic areas, and can contribute to objectivity in an organization's strategic human resources. For many firms, the first step in realizing these benefits will be to place succession management on the strategic radar. Then, an organization is prepared to benefit from the following best-practice principles.

KEY BEST-PRACTICE INSIGHTS

Deploying a Succession Management Process

- Best-practice organizations make succession planning an integral corporate process by exhibiting a link between succession planning and overall business strategy. This link gives succession planning the opportunity to affect the corporation's long-term goals and objectives.

- Human resources is typically responsible for the tools and processes associated with successful succession planning. Business or line units are generally responsible for the "deliverables" -i.e., they use the system to manage their own staffing needs. Together, these two groups produce a comprehensive process.
- Technology plays an essential role in the succession planning process. Ideally, technology serves to facilitate the process (make it shorter, simpler, or more flexible) rather than becoming the focus of the process or inhibiting it in any way.

Identifying the Talent Pool

- Best-practice organizations use a cyclical, continuous identification process to focus on future leaders.
- Best-practice organizations use a core set of leadership and succession management competencies.

Engaging Future Leaders

- Best-practice organizations emphasize the importance of specific, individualized development plans for each employee.
- Individual development plans identify which developmental activities are needed, and the "best practice" firms typically have a mechanism in place to make it simple for the employee to conduct the developmental activities. Typically, divisional human resource leaders will monitor employee follow-up in developmental activities.
- Best-practice partners rely on the fundamental developmental activities of coaching, training, and development most frequently and utilize all developmental activities to a much greater extent than the sponsor organizations.
- In addition to traditional executive education programs, best-practice partners increasingly use special assignments, action learning, and web-based development activities.

Monitoring and Assessing the Program

- Best-practice organizations develop methods of assessment to monitor the succession planning process. These methods vary according to business goals and company culture.

Recommendations for Success

When the firms who had been recognized as "best-practice organizations" were asked for any insights that might be helpful to other firms interested in improving their succession management, they responded with the following recommendations.

1. Keep the process simple. Most refinements to succession management systems involved making the process more logical and simple so that busy line executives would not feel that bureaucracy was burdensome.

2. Engage technology to support the process. Information technology makes it possible for managers throughout the world to monitor and update developmental needs and activities on a timely basis. Making information timely and reducing the time required to manage the system are major contributions of technology.

3. Align succession management within overall business strategy. Line executives are much more likely to support a system that clearly reinforces corporate goals and objectives.

4. Secure senior level support for the process. None of the best practice firms would have been as successful without top management endorsement and support

Keys to best practice succession management[41]

By Robert Fulmer is academic director for Duke Corporate Education. Email: Robert.Fulmer@Dukece.com

Succession management is playing an increasingly important role in many organizations. However more holistic and strategic approaches often elude both HR

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[41]   http://www.citehr.com

professionals and executives. Robert Fulmer examines the evolution of succession management and reveals how a number of best practice organizations are leading the way

We are currently witnessing the impact of an emerging new breed of succession management systems. Contemporary systems no longer think just about the replacement of talent, but also focus on development. These new approaches take a systemic approach toward an organization's human capital.

Why the new interest in succession?

The forces that have renewed interest in succession systems and have changed them in dramatic ways are trends that have affected business in the new global economy. Leadership is and has always been a relatively scarce commodity within companies. To lose a strong, effective leader is a serious blow to any organization.

Companies reward high performers with opportunities for development and not necessarily extended, long-term employment. The internet has enhanced the mobility of leadership talent, making it easy for employees to find opportunities elsewhere and for those opportunities to come knocking on their door. Executive recruiters and headhunters today possess greater influence and sophistication. No longer is it unfair game to recruit your competitor's best and brightest workers. Non-stop, unpredictable organizational change has caused organizations to quickly identify growing gaps in talent and emerging needs for new types of talent.

Best practice in succession management

Our research has found that 'succession savvy' corporations possess several traits that characterize their winning approaches to succession management. First, their succession systems are easy to use. Winning systems are non-bureaucratic, uncomplicated processes – with a unified approach to ensure consistency and maintain objectivity across business units, organizational levels and geographic areas.

The best systems are developmentally oriented, rather than simply replacement oriented. The system becomes a proactive vehicle for managers and executives to reflect on the progress of their talent and the opportunities they require for genuine development. Highly effective systems always actively involve the top players in the organization. Senior executives view effective succession management as a critical strategic tool for attracting and retaining talent.

Best practice succession systems are also effective at spotting gaps in talent and identifying important lynchpin positions – the select set of jobs that are critical to the overall success of the organization. Succession planning does the job of monitoring the succession process, enabling the company to ensure that the right people are moving into the right jobs at the right time and that gaps are being spotted early on.

The most successful systems are built around continual reinvention. Best practice companies continually refine and adjust their systems as they receive feedback, monitor developments in technology and learn from other leading organizations. Where old systems were characterized by complete confidentiality and secrecy, today's systems actually encourage involvement by individuals who are participants and candidates. Under older systems, few participants knew where they actually stood in terms of their potential for career opportunities ahead.

Developmental activities

Developmental activities do not dramatically differ from one best practice organization to the next. In every case, these companies invest the majority of their time and resources in top-tier (executive) talent. There are four major common factors in how best practice organizations engage their current and future leaders in developmental activities:

- They believe that the most important developmental activity is job assignments or work experience, so they spend considerable time balancing the organization's need to fill vacant positions with assignments that will help key people grow and develop their potential.

- They use a variety of developmental activities including mentoring, coaching, job rotation, traditional educational programs and formalized feedback processes.
- They try new approaches to development, including special assignments, action learning and web-based educational activities.
- They find that computer-based technology has expanded their ability to effectively monitor developmental activities.

Internal leadership and executive education

Best practice organizations all have formal internal programs in place that focus on the further development of their top-tier executives. Dell Computer, for example, focuses most of its development activities on the global corporate talent pool that houses its top talent, identifying its best, brightest, and holding business unit leaders accountable for carrying out whatever developmental actions are designated for those future stars. Best practice companies agree that the vast majority of real learning employees encounter takes place on the job. Consequently, most of these companies have a special assignments or action-learning program in place.

One of the most common and effective approaches is a taskforce assignment based on real and significant issues confronting the organization. High-potential employees at Bank of America are assigned a specific enterprise topic to study and present findings to senior leaders. The company's Six Sigma efforts also help place these top performers on highly quantifiable and large impact projects. Best practice organizations all participate in mentoring and coaching programs, but typically on an informal basis. Formal coaching is usually reserved for top executive high potentials and is commonly outsourced.

Development plans and courses

Best practice organizations also use a mix of internal and external university-based education and development courses. For example, EnCana, a Canadian energy corporation, offers an internal MBA program called the Management Forum. This program provides management education by bringing best practices to participants,

aligning management competencies with strategic direction to meet current and future needs.

With the vast and accessible training opportunities available through the web, organizations are making a wide array of courses available to their employees online. A good example is Dow Chemical, which currently has 60 tools and classes available online in its internal development program, including programs on ethics, Six Sigma, and root learning maps that explain strategy, economic profit and so on. More and more emphasis is being put on career planning and individual profiling as it relates to succession management.

Individual development plans are used by all best practice organizations. These firms look closely at employees' career preferences and try to match their interests and career development to a future job within the company. Employee career preferences can influence the development process and employee preferences are honored where possible.

Performance management and 360-degree feedback are linked throughout the succession management process and are the main tools used by best practice organizations to place employees into development plans. The tools are tied together and based on core and leadership competencies. Most of the organizations also employ the results of 360-degree feedback for development purposes.

Measuring long-term success

Developing leadership talent is a long-term investment. The effectiveness of today's systems is determined by their ability to move talented individuals at an appropriate pace into the right development opportunities over the span of their careers. Tracking the progress of individual participants is a necessary dimension of a best practice succession process. The most successful systems must also measure their own record, identifying developmental opportunities, filling them with the right people at the right time and spotting looming shortages or gaps in both talent and developmental positions to rectify these gaps quickly.

Best practice organizations employ a variety of qualitative and quantitative methods of measurement and assessment to ensure that desired outcomes are achieved and to provide the broadest and most fine-grained range of perspectives on the system's real effectiveness. The long-term success of these processes is the product of the owners' willingness to constantly revisit and redesign the systems themselves. Continuous improvement in both process and content is required for true success.

What is measured?

The most frequently used quantitative measurements of system effectiveness are the organization's ability to fill key jobs with internal candidates, rather than outside hires; ethnic and gender diversity in promotions; retention/attrition rates; and positive job evaluations following promotion. Qualitative assessments tend to be based on issues such as the participants' transition experience into their new role; the quality of their preparation beforehand; reasons for attrition; and qualities of bosses in developmental assignments.

Best practices: metrics

Sonoco Products Company does not perform any statistical analysis of its succession planning process. Instead, its HR department supports a functional measure of the system to determine whether candidates are being placed in appropriate open positions and whether they are successful in those positions. When the company implemented its process, divisions reported a 75 per cent saving in time, compared to time spent in previous years. In addition, Sonoco has an 80 to 90 per cent success rate in performance and promo ability.

One of the primary metrics reviewed by Dell Computer is 'bench strength'. Each business unit is responsible for reporting the percentage of positions with a current successor and with identified successors.

The succession planning process at Bank of America is a twofold process. Through measurement of performance goals, the bank tracks whether it is achieving its talent goals

and whether it is positioned to do so in the future. In addition, the bank tracks and monitors the number of 'ready now' replacement candidates for the company's top 50 jobs.

Other lessons for success

While the succession management process differs from one organization to another, there are certain characteristics of an effective program that are universal:

- **Smooth transitions.** Having someone to step into an important vacancy is a critical measure of the effectiveness of succession management. However, helping that person transition in a positive manner with all the necessary skills and knowledge is as important and often more challenging to execute.
- **The ' right ' developmental assignments.** A successful process includes job assignments that properly prepare candidates for their new positions, as compared to a sink-or-swim approach.
- **Meaningful appraisals and feedback.** Objective assessments are essential in order for management to specify what's required for a successful promotion.
- **Appropriate selection criteria.** A successful succession management system depends on the development of competencies for each job, giving everyone involved a clear picture of the skills, values, behavior and attitudes required to succeed.
- **A range of good choices.** A working succession system results in having more than one good person available for a key job. Real success requires choices between two or more qualified people.

Trends in succession management

There are several critical trends that will further strengthen the transformation of succession management from a replacement tool to a development and leadership capability tool, thereby ensuring that systems and processes are responsive and less bureaucratic.

Succession planning will continue to become more integrated into the everyday life of

organizations, moving from a formal 'annual event' to become a part of the daily fabric of doing business.

Technology will also integrate succession processes into the desktop computers of managers. A single icon will grant immediate and widespread access to succession planning information.

Additionally, all of the components of HR management are being looked at, appropriately, as fully integrated, aligned systems, rather than as a set of disconnected activities. Gone is the silo mentality that kept HR from other business units. The hyper-competition of the contemporary world makes such an approach outdated and dangerous to the bottom line.

Technology can improve planning

To increase access to and use of succession planning, best practice organizations continue to use technology as a critical facilitator of the process. Web-based succession planning systems enable companies to run their process online and ensure continuous access to data. Employees can then take ownership of their own development plans through their own desktops. While subjectivity will always be part of candidate assessment, great progress has been made toward more objective assessments, including 360-degree feedback.

As the use of raters expands, the array of raters will broaden to include administrative staff, support staff, internal and external customers. Best practice organizations will increase their efforts at training line managers and executives to perform more objective assessments when providing 360-degree feedback.

In conclusion, successful succession management is not a static target. Outstanding practices stay outstanding by continuously refining and adapting to meet changing circumstances.

NEEDS ASSESSMENT[42]

the first step

Robert H. Rouda & Mitchell E. Kusy, Jr.

A Needs Assessment is a systematic exploration of the way things are and the way they should be. These "things" are usually associated with organizational and/or individual performance .

WHY design and conduct a Needs Assessment? We need to consider the benefits of any Human Resource Development (HRD) intervention before we just go and do it:

- What learning will be accomplished?
- What changes in behavior and performance are expected?
- Will we get them?
- What are the expected economic costs and benefits of any projected solutions?

We are often in too much of a hurry. We implement a solution, sometimes but not always the correct intervention. But we plan, very carefully and cautiously, before making most other investments in process changes and in capital and operating expenditures. We need to do the same for Human Resource Development.

The largest expense for HRD programs, by far, is attributable to the time spent by the participants in training programs, career development, and/or organization development activities. In training, costs due to lost production and travel time can be as much as 90-95% of the total program costs. Direct and indirect costs for the delivery of training are about 6% of the total cost, and design and development count for only about 1-2% of the total . Realistically, it makes sense to invest in an assessment of needs to make sure we are making wise investments in training and other possible interventions.

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[42]   http://alumnus.caltech.edu

Four Steps To Conducting A Needs Assessment:

Step 1. Perform A "Gap" Analysis.

The first step is to check the actual performance of our organizations and our people against existing standards, or to set new standards. There are two parts to this:

- *Current situation*: We must determine the current state of skills, knowledge, and abilities of our current and/or future employees. This analysis also should examine our organizational goals, climate, and internal and external constraints.
- *Desired or necessary situation:* We must identify the desired or necessary conditions for organizational and personal success. This analysis focuses on the necessary job tasks/standards, as well as the skills, knowledge, and abilities needed to accomplish these successfully. It is important that we identify the critical tasks necessary, and not just observe our current practices. We also must distinguish our actual needs from our perceived needs, our wants.

The difference the "gap" between the current and the necessary will identify our needs, purposes, and objectives.

What are we looking for? Here are some questions to ask, to determine where HRD may be useful in providing solutions:

- *Problems or deficits.* Are there problems in the organization which might be solved by training or other HRD activities?
- *Impending change*. Are there problems which do not currently exist but are foreseen due to changes, such as new processes and equipment, outside competition, and/or changes in staffing?
- *Opportunities.* Could we gain a competitive edge by taking advantage of new technologies, training programs, consultants or suppliers?
- *Strengths*. How can we take advantage of our organizational strengths, as opposed to reacting to our weaknesses? Are there opportunities to apply HRD to these areas?

- *New directions.* Could we take a proactive approach, applying HRD to move our organizations to new levels of performance? For example, could team building and related activities help improve our productivity?
- *Mandated training*. Are there internal or external forces dictating that training and/or organization development will take place? Are there policies or management decisions which might dictate the implementation of some program? Are there governmental mandates to which we must comply?

Step 2. Identify Priorities And Importance.

The first step should have produced a large list of needs for <u>training and development,</u> <u>career development</u>, <u>organization development,</u> and/or other interventions. Now we must examine these in view of their importance to our organizational goals, realities, and constraints. We must determine if the identified needs are real, if they are worth addressing, and specify their importance and urgency in view of our organizational needs and requirements . For example :

- *Cost-effectiveness*: How does the cost of the problem compare to the cost of implementing a solution? In other words, we perform a cost-benefit analysis.
- *Legal mandates*: Are there laws requiring a solution? (For example, safety or regulatory compliance.)
- *Executive pressure*: Does top management expect a solution?
- *Population*: Are many people or key people involved?
- *Customers*: What influence is generated by customer specifications and expectations?

If some of our needs are of relatively low importance, we would do better to devote our energies to addressing other human performance problems with greater impact and greater value.

Step 3. Identify Causes Of Performance Problems And/Or Opportunities.

Now that we have prioritized and focused on critical organizational and personal needs, we will next identify specific problem areas and opportunities in our organization. We must know what our performance requirements are, if appropriate solutions are to be applied. We should ask two questions for every identified need:

- Are our people doing their jobs effectively?
- Do they know how to do their jobs?

This will require detailed investigation and analysis of our people, their jobs, and our organizations -- both for the current situation and in preparation for the future.

Step 4. Identify Possible Solutions And Growth Opportunities.

If people are doing their jobs effectively, perhaps we should leave well enough alone. ("If it ain't broke, don't fix it.") However, some training and/or other interventions might be called for if sufficient importance is attached to moving our people and their performance into new directions.

But if our people ARE NOT doing their jobs effectively:

- <u>Training</u> may be the solution, IF there is a knowledge problem.
- <u>Organization development</u> activities may provide solutions when the problem is not based on a lack of knowledge and is primarily associated with systematic change. These interventions might include strategic planning, organization restructuring, performance management and/or effective team building.

We will look at these solutions including <u>training & development</u> and <u>organization development</u>, in future <u>articles in this series</u>.

Techniques For Investigating Organizational And Personal Needs:

Use multiple methods of Needs Assessment. To get a true picture, don't rely on one method. It is important to get a complete picture from many sources and viewpoints. Don't take some manager's word for what is needed.

There are several basic Needs Assessment techniques. Use a combination of some of these, as appropriate:

- Direct observation
- Questionnaires
- Consultation with persons in key positions, and/or with specific knowledge
- Review of relevant literature
- Interviews
- Focus groups
- Tests
- Records & report studies
- Work samples

An excellent comparison of the advantages and disadvantages of each of these methods can be found in the Training and Development Journal.

Remember that actual needs are not always the same as perceived needs, or "wants". Look for what the organization and people really need they may not know what they need, but may have strong opinions about what they want.

Use your collected data in proposing HRD solutions:

- Use your data to make your points. This avoids confronting management since your conclusions will follow from your Needs Assessment activities.
- Everybody should share the data collected. It is important to provide feedback to everyone who was solicited for information. This is necessary if everyone is to "buy into" any proposed training or organization development plan.

Having identified the problems and performance deficiencies, we must lay out the difference between the cost of any proposed solutions against the cost of not implementing the solution. Here's an economic "gap analysis":

- What are the costs if no solution is applied?
- What are the costs of conducting programs to change the situation?

The difference determines if intervention activities will be cost-effective, and therefore if it makes sense to design, develop, and implement the proposed HRD solutions.

Summary Steps In A Needs Analysis:

- Perform a "gap" analysis to identify the current skills, knowledge, and abilities of your people, and the organizational and personal needs for HRD activities
- Identify your priorities and importance of possible activities
- Identify the causes of your performance problems and/or opportunities Identify possible solutions and growth opportunities.

and finally:

- Compare the consequences if the program is or is not implemented
- Generate and communicate your recommendations for training and development, organization development, career development, and/or other interventions

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Case Study on Succession Planning: "GE's Talent Machine: The Making of a CEO" (Appendix 1)

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HR Practices at Harley Davidson: (Appendix 2)

Chapter III
Findings

Atlas Group of Companies[43]

The foundation of the Atlas Group was laid in 1962 with the establishment of Shirazi Investments (Pvt) Limited with a capital of half a million rupees and three men doing business in trading shares and real estate. Shirazi Investments is now one of the leading investment companies in Pakistan engaged in trading shares, fund management, underwriting, real estate and warehousing. The Company has played a key role in the promotion and acquisition of the Atlas Group of Companies.

The growth of the Atlas Group is the result of its focus on good corporate governance. Today Atlas is a diversified group dealing in engineering, financial services and trading. It consists of seven public limited companies out of which six are quoted on the Stock Exchanges in Pakistan, and four private limited companies. Atlas shareholders equity now stands over 25 billion rupees; assets have increased to over 60 billion rupees; personnel strength is over 7000 and annual sales have crossed 60 billion rupees. The Group paid taxes of Rs. 15 billion over 2% of the total government revenues. All this progress is due to the Group's reliance on the intellectual capital, dedicated efforts and team spirit of all the stakeholders.

The Group strategic direction is determined by the Group Executive Committee. Each company in the Group functions autonomously within the framework of the predetermined policy. Operating budgets and capital expenditures are approved by the Group Executive Committee and, where relevant, by the Boards of the respective companies. The Group has enduring partnerships with some leading Japanese and

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[43]   www.atlasgrouppk.com

European companies in response to the development and growth of national market, the global opening of International trade and free movement of capital.

In the engineering sector, Atlas has had a technical collaboration agreement with Honda Motor Company of Japan since 1962, currently the oldest amongst all non-Japanese companies. These relations were further consolidated by Honda Motor's equity participation in Atlas Honda Ltd. followed by higher equity participation in Honda Atlas Cars (Pakistan) Ltd. and Honda Atlas Power Product (Private) Ltd. Atlas Battery Ltd, which has enjoyed technical assistance from Japan Storage Battery Co. since 1968, became a joint venture between Atlas and JSB by the purchase of equity by the later in Atlas Battery Ltd. Allwin Engineering Industries Ltd. has access to the technical know-how and back-up of Honda Foundry Co. Ltd., Japan, the Federal Mogul, U.K., Meehanite, U.K., Shindengen, Japan and F.C.C. Co., Japan for its high quality precision engineering components for the automotive industry.

In the financial sector, Muslim Insurance Co. Ltd. has had a long association with leading International reinsurance companies including Swiss Re, Hannover Re, SOMPO, Tokio Marine & Nichido Fire and Munich Re, among others. Atlas Investment Bank Limited was formed in 1990 as a joint venture between Atlas Group and The Bank of Tokyo-Mitsubishi Ltd., Japan with the Asian Development Bank as the first subscriber. Atlas Lease Limited a joint venture between the Atlas Group, The Bank of Tokyo-Mitsubishi Ltd. and National Investment Trust, incorporated in 1989 was merged with Atlas Investment Bank Ltd. in 2001. The Group acquired a commercial bank i.e., Dawood Bank Limited in 2005 and change its name to Atlas Bank Ltd. and merged the Atlas Investment Bank Limited in it. Atlas Capital Markets Limited was incorporated in 2006 as a wholly owned subsidiary of Atlas Investment Bank Limited with transfer of all its brokerage and related businesses of Atlas Investment Bank Ltd. before merger. The Group has entered into the Asset Management in collaboration with ING Investment Management and has set up three funds. In less than a year, the Funds values has increased from Rs. 310 million to over Rs. 2.6 billion - relying on further Funds including Pension Funds and other Funds of strategic nature.

In Trading, Shirazi Trading Company (Pvt) Limited represents International manufacturers of heavy equipment and machinery like MAN B&W Diesel of Germany/Denmark, Tideland Signals of USA/Singapore, Vallon of Germany and DKK Corporation of Japan. Shirazi Trading Company is also a franchise holder of leading brands such as Pitney Bowes, Canon, Hewlett Packard and Siemens in Pakistan.

The Group entered into another joint venture with TOTALFINA of France marketing petroleum products and established Total Atlas Lubricants Pakistan (Pvt) Ltd. in 1997 to produce and distribute lubricants, oils and greases in Pakistan.

The Atlas Group has not only introduced modern technologies in Pakistan but has also promoted corporate governance in harmony with the country's cultural environment, thus providing a sense of participation at every level - from the grass roots to the top. To cope-up with the growing needs of the Group, permanent cells have been established for the Human Resource Development as well as Systems & Technology Cell to introduce the state of the art IT facilities in the Group. The Remuneration Committee is headed by the director from outside the Group and Audit Committee chaired by the non-executive directors in each of the Group Companies.

Realizing its social responsibilities as a corporate citizen, the Group has been playing a role in promoting centers of professional education, contributing to health facilities, helping law enforcement agencies and playing its role in improving the quality of life with the commitment that what has come from the society should be shared with the society. Atlas Foundation has been established in order to focus on community's growth particularly through health care and education. The growth of the Atlas Group is the result of its focus on good Corporate Governance. The Group aims to strive for excellence in all areas of endeavors, to make each company in the Group highly profitable, a provider of high quality goods and services, an attractive organization to work for and a reliable business partner and associate.

The current Atlas Group organization/ structure is shown in Figure 3.1[44]
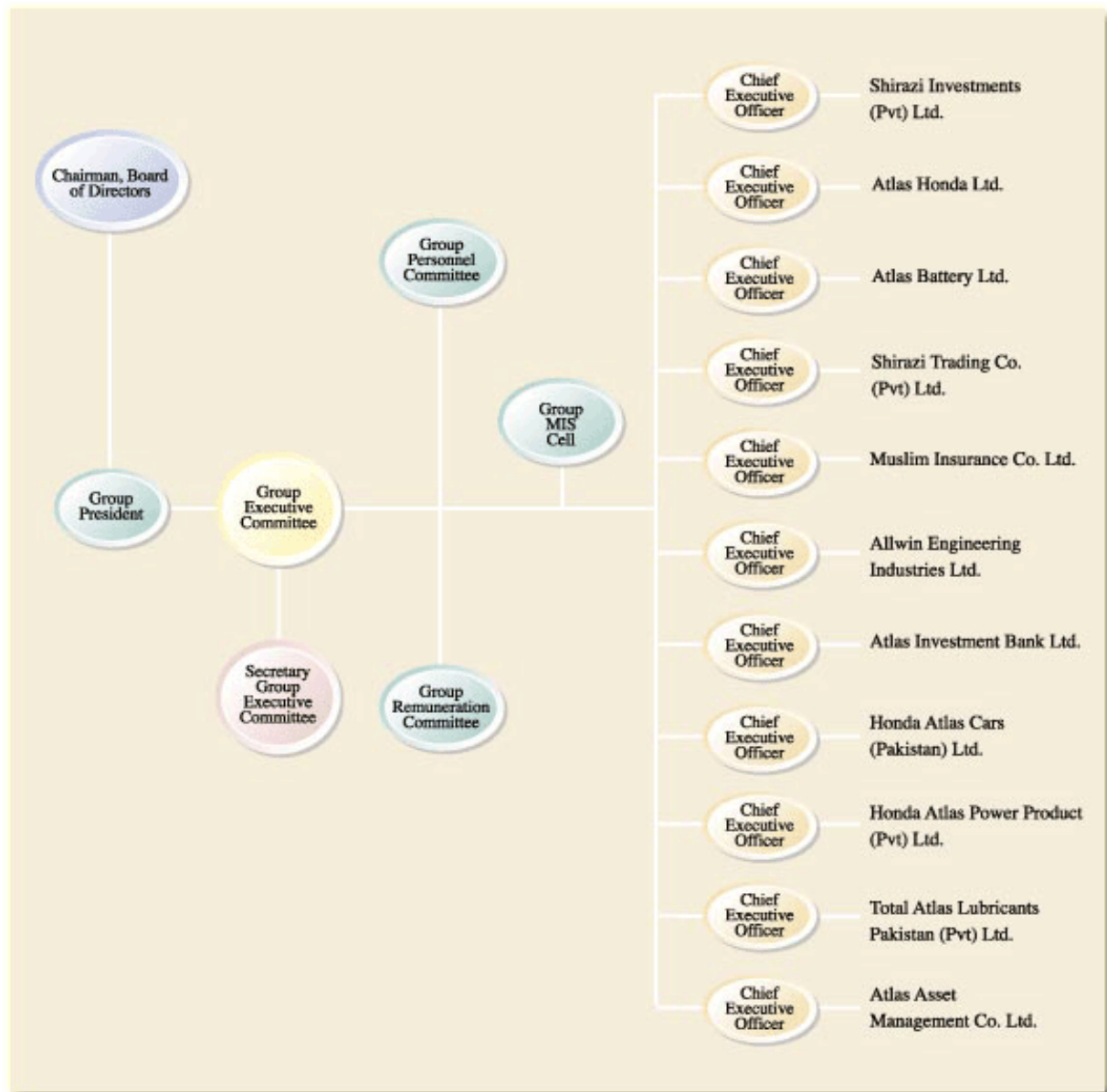
Fig 3.1   Organization structure Atlas Group

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44   www.atlasgrouppk.com

Motorcycle Industry in Pakistan:

The automobile industry has been the major beneficiary of the macro economic stability of the country. It has registered a 54% year on growth- the highest in any sector during the recent years. The surge in demand has resulted in undertaking of expansion projects by nearly every Original Equipment Manufacturer (OEM) and vendor. The motor cycle segment grew by 40%. Over the last decade the industry size has grown double its size. The indigenization policy of the Government has been the cornerstone of this surge. [45]

At present there are 43 motorcycle assemblers in the country that have been licensed by the Engineering Development Board (EDB). Out of these, there are three Japanese assemblers (Honda, Yamaha and Suzuki), while the remaining 40 assemble Chinese motorcycles. These assemblers buy parts, sub-assemblies and assemblies from over 200 large, medium and small vendors located in Karachi and Lahore. The motorcycle industry employs more than 200,000 people directly and indirectly. The motorcycle industry was quite consolidated till the arrival of Chinese motor cycles that have altered its structure. It has also seriously affected the market share of big players like Atlas Honda.

The major change in the industry is the increased market share of Chinese-made motorcycles. With the positive growth in this industry, prices of the motorcycles have also witnessed a notable decline. Over the past five years, prices of new motorcycles have fallen by some 30 per cent to 40 per cent. The production of the motorbikes in the country has also jumped to 500,000 from 350,000, due to higher demand by the customers. The increase in the demand of new motorcycles in the country is also due to the cheap Chinese spare parts availability in the market. The main production / assembly units are:

- Pak Hero Industries is assembling PH-70, PH-100 and PH-125; however, the same company is also assembling two-stroke and four-stroke auto rickshaws.
- Atlas Honda is assembling CD-70, CD-100 and CG-125.

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[45]   AHL Annual Report 2003, pp.8.

- Pakistan Cycle Industrial Cooperative Society Limited is assembling Sohrab JC-70 Plus, JS-125 motorbikes and a 100cc auto rickshaw.

- Saigol's Qingqi Motors Limited is assembling QM-70, QM-100 motorcycles and a 100cc Qingqi motorcycle auto rickshaw.

- Excel Industries is assembling XL-70cc motorcycle and XL two-stroke auto rickshaw.

- New Asia Automobiles is assembling NA-70 motorbike and four-stroke auto rickshaw.

- United Sales is assembling US-70 motorcycle and 100cc motorcycle auto rickshaw.

- Blue Star Automobile is assembling BS-70 motorbike and a two-stroke auto rickshaw.

- Pacific Motor Company Limited is engaged in assembling Sprinter four-stroke auto rickshaw.

- HKF Engineering (Pvt) Limited is assembling Ravi RA-70 motorcycle.

- Sazgar Engineering Works Limited is assembling four-stroke auto rickshaw

- Star Asia and Zxmco Pakistan (Pvt) Limited are assembling four-stroke auto rickshaw and ZX-70cc motorcycle respectively.

- Suzuki Motorcycle Pakistan Limited in Karachi is manufacturing and assembling A-100X, SC-110, GS-125, and GS-150 motorcycles.

- Dawood Yamaha Limited is engaged in assembling and manufacturing Yamaha Royale 3AH, YB-100 and YD-100 motorcycles.

- Dewan Motorcycles Limited is assembling Star DS-70 and Lifan 70cc motorcycles besides Star four-stroke auto rickshaw.

- Ahmed Automobile Company is assembling Safari SD-70 motorbike and Safari two-stroke auto rickshaw.

- NJ Auto Industries is assembling Super Power SP-70 motorcycles.

- Sitara Auto Impex is engaged in assembling Gungta GT-70 motorcycle besides Shahabuddin Enterprises which is assembling Parwaz two-stroke auto rickshaw.

- AB Engineering (Pvt) Limited is assembling Laser 70cc motorcycles.

- Memon Associates Foundry Limited, Raazi Motor Industries and Shafiq Sons are assembling two-stroke Super Star auto rickshaw, Hi Speed SR-70 motorcycles and Jinan JN-70cc motorcycles respectively.

- DS Motors is assembling Unique UD-70cc motorcycles, whereas Fateh Motors is assembling Hero RF-70cc motorcycles.

- Gujranwala-based King Hero Motorcycle Industries is assembling King Hero KH-70 motorcycles and King Hero two-stroke auto rickshaw.

- Super Asia Motors (Pvt) Limited is assembling Super Asia SA-70 motorcycles.

- Lahore-based company, Toyo International Motorcycle is busy in assembling Toyo 70cc motorcycle.

- Muridke based Suleman Auto Industries is assembling Geo 70cc motorcycles

- Gujrat based Metro Hi-tech is assembling Metro MR-70cc motorcycles.

- Peshawar based, Leena Industries is assembling Kharo 200cc auto rickshaw.

- Another company of Mirpur, Eagle Industries is engaged in assembling Eagle DG-70cc motorcycles.

- Raja Auto Cars is assembling Vespa scooter, Vespa auto rickshaw and Hawk RH-70cc motorcycles.

- A company from Multan, Ali Raza Industries is assembling Royal Star RS-70cc motorcycles.[46] (Figures are as of August 2005)

Atlas Honda Limited[47]:

Atlas Honda Limited is a joint venture between the Atlas Group and Honda Motor Co., Japan. The company was created by the merger of Panjdarya Limited and Atlas Autos Ltd. in 1988. Both these motorcycle manufacturing concerns were established by the Atlas Group. In addition, a third concern, Atlas Epak Ltd. was taken over by the Government of Bangladesh. Atlas Honda Limited manufactures and markets Honda motorcycles in collaboration with Honda Motor Company. The Company also manufactures various hi-tech components in-house in collaboration with leading parts

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[46]   http://www.jang.com.pk
[47]   www.atlasgrouppk.com

manufacturers like Showa Atsumitech, Nippon Denso and Toyo Denso. Honda motorcycles are by far the largest selling motorcycles in the country with an unmatched reputation for high quality, reliability and after-sales-service.

Atlas has undertaken to develop local manufacturing capabilities to the highest, economically feasible level. While a major role in localization has been assigned to vendor industries, Atlas has the country's largest in-house manufacturing capability at its Karachi and Sheikhupura plants. To support the production facilities, the company has established an R&D wing and tool making facilities through CAD & CAM which are growing rapidly in size and function as the company expands. Atlas has managed to execute 14 Joint Venture/Technical Assistance Agreements between local vendors and foreign manufacturers for transfer of technology. Besides, Atlas has directly executed 5 Joint Venture/Technical Assistance Agreements other than Honda.

Atlas management is striving to modernize company operations by adapting applicable aspects of research and theory and more specifically, Honda's unique philosophy of hard/soft technologies to the realities of Pakistani conditions. Company management structure, systems and processes are changed according to the demands of the customer, growth and new technology.

Efforts are being made to develop participation at all levels of personnel in decision-making and a substantial and effective delegation has been established at levels where applicable. Various participation programs such as 'Ala Mayar' Quality Circles movement, launched in 1985, are strongly encouraged to allow constructive self-expression and teamwork. The Company training and development programs encourage all members to develop themselves and contribute to their full potential.

Atlas Honda is playing a pioneering role in creating conditions for easy and confident use of motorcycles all over the country. A vast and growing network of over 1600 motorcycles sales service and spare parts dealers has been established. In order to back up this system, Atlas has set up Technical Training Centers in Karachi and Lahore which provide several courses of varying duration and complexity for motorcycle mechanics

and users each year. Mobile training facilities take the latest know-how, technology and maintenance of motorcycles to major rural and urban centers around the country.

Current Financial Highlights of AHL:

Atlas Honda Limited was incorporated as a public limited company on October 16, 1962 and its shares are listed on Karachi and Lahore stock exchanges. Its current financial profile is;[48]

- Assets: Rs. 1896 Mn.

- Turnover: Rs. 1836 Mn

- Revenue: Rs.   14120 Mn

- Share Value: Rs. 210 plus+ (average value in year Rs. 263)

Saquib Shirazi, CEO, AHL:

Mr. Saquib Shirazi is the Chief Executive Officer of Atlas Honda Ltd. He graduated in Economics from The Wharton School of Finance, before completing his Masters from Harvard Business School. He is currently a Board member of the Harvard Business School Alumni Association. He has worked with the Bank of Tokyo-Mitsubishi in Japan, Citibank NA London and is the former CEO of Atlas Investment Bank Limited. As well as being a nominee director of the Bank at Karachi Stock Exchange, he is also Member of Board of Trustees & Governor of Lahore University of Management Sciences.

Vision:

Market leader in the motorcycle industry, emerging as a globally competitive centre of production and exports.[49]

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[48]   http://richpaki.tripod.com & www.kse.com.pk
[49]   www.atlasgrouppk.com

Mission:

A dynamic, profitable and growth oriented company through market leadership, maximizing export and excellence in quality and service; to ensure attractive returns to equity holders; reward employees according to their ability and performance; to foster a network of researchers and engineers ensuing unique contributions to the development of the industry; customer satisfaction and protection of the environment by producing emission friendly green products and to remain a good corporate citizen fulfilling its social responsibilities in all respects.[50]

Philosophy:

Organizational Development Through Self Development [51]

Brand:[52]

- **What is Honda?** Honda is an entity that realizes the dreams of individuals and spreads joy to people. Honda's philosophy, unique corporate culture, pursuit of challenges that fulfill individuals' dreams and variety of products and activities born of challenges will remain the foundation of the Honda brand. We will continue building on our history of realizing people's dreams.

- **Honda's Driving Force:** The expectations and appreciation of people around the world for our dreams. People see Honda as pursuing its dreams and always remaining a step ahead of the world. This image and the people's appreciation of our outlook will continue to be the driving force of the Honda brand.

- **Honda's Goal in Branding:** To create a brand that is supported by people's expectations and appreciation.

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[50]   Ibid.
[51]   Ibid.
[52]   Ibid.

- **Global Brand Slogan:** Everyone has a dream, some goal or activity that gives their life a deeper meaning and sparks passion. When we pursue a dream, we feel empowered. This power, in turn, connects us to others who share the same dream. It gives us the strength to overcome great challenges and inspires us to spread the joy of our dreams to others. Ultimately, the power born of a dream is a creative force, capable of producing revolutionary ideas. Honda encourages all its associates to pursue their dreams. That is why we say we are a company built on dreams. In the new century, the power of Honda's dreams will continue to lead new insights and technologies in automobiles, motorcycles, power products, parts and other fields of mobility that are just beginning to be imagined. Dreams are the very essence of Honda. The dreams of our associates, customers, and supporters make Honda what it is today. Our highly original ideas and free thinking have surprised the world on many occasions. Honda will continue to be Honda in the 21st century as long as we have our dreams and original thinking. We will keep on dreaming and challenging ourselves to realize our dreams." What will we come up with next?" We will continue creating exciting products and realizing people's dreams and expectations.

- **Our Slogan:** For Honda to remain Honda, and for everyone to realize their aspirations, we must believe in **"*The Power of Dreams*".**

Milestones:[53]

The company is engaged in the manufacturing, sales of motorbikes and auto parts. Since its inception the company has experienced an unprecedented growth in its operations from a small manufacturing company to the leading motorbikes manufacturer of Pakistan.

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[53]   Ibid.

Following is the chronological order of the major events in the company's history:

2004	Contribution to national exchequer reached Rs. 3.18 billion - 72% of wealth generated, out of Group 7.56 billion (1.48% of the Government total revenues)
2003	Major re-adjustment of prices to pass on the benefits to customers
2003	Best Corporate Report award by joint committee of ICAP & ICMAP
2003	Achievement of landmark sales of 100,000 motorcycles
2002	Deletion level reached to 87% and 80% for CD70 & CG125 respectively
2002	Introduction of Gratuity Scheme for staff
2002	Best Corporate Report award by joint committee of ICAP & ICMAP
2001	Concept of 5S dealership - Sales, Service, Spare Parts, Second hand exchange and Special (Credit) sales launched
2001	New Block for hi-tech engine plant
2000	Investment in Crankshaft Project
1999	ISO 9002 certification for both factories
1998	New models (MMC) of CD70 & CG125 launched
1997	Investment in Gear Project
1995	Exports to Bangladesh
1995	Export Agreement signed with Honda Motor Company Limited
1994	Mr. Kawamoto President, Honda Motor Company Limited, visited AHL
1992	Change of name to Atlas Honda Limited (AHL)
1991	Inauguration of CG125 Engine Project at Sheikhupura Factory
1990	Merger of Panjdarya Limited into Atlas Autos Limited
1989	Export of built up motorcycles to Nepal
1988	Production capacity expansion III
1988	Joint Venture agreement signed with Honda Motor Company Limited
1987	Inauguration of CD70 Engine Project at Karachi Factory
1982	Deletion Project financed by PICIC
1981	Commercial Producton started at Panjdarya Limited
1981	Production capacity expansion II

1979	Incorporation of Panjdarya Limited as Joint Venture with Honda Motor Company Limited
1976	Production capacity expansion I
1965	Public offering of Shares
1964	Commercial Production started
1962	Technical Assistance Agreement signed with Honda Motor Company Limited
1962	Incorporation of Atlas Autos Limited

Latest Developments:

New LPDC Shop (Low pressure die casting) project installed during the last year Atlas Honda was recognized by the KSE as one of the Top 25 companies for the year 2002. New investment projects of Rs. 1.1 billion were undertaken including the new LPDC Shop. Most of the investment went into BMR which enabled the company to double its rated capacity. Recorded highest ever production of motorcycles 190,687 units - 64% increase. Registered highest ever sale of motorcycles 190,395 units - 62% increase. Undertaken to implement SAP - the world renowned ERP solution.

Management Profile:

Appendix 2.

Products:

Honda CD 70 is the No. 1 choice in motorcycles. In addition to its established superiority in terms of great speed and fuel economy, the Honda CD 70 is presented with special features. The new attractively designed CD 70 is right there at the top, with an aerodynamic shape, super econo-power, a smoke-free 4-Stroke engine and the special

Honda 12-volt CDI technology. The new eye-catching graphics, front and rear mud-flaps, comfortable seat and the new utility box have made Honda CD 70 an ideal combination of elegance and durability. Because of its high resale value, Honda CD 70 is an asset in your life. Its excellent petrol average makes it greatly economical, and its easily available spare parts ensure trouble-free companionship.

New Honda CG 125 is the ideal combination of elegance and power. Its speed and performance symbolizes the true essence of modern life. The 125 cc 4-stroke engine generates 11-Horse Power with low fuel consumption. It is ideal for high speed, long runs and rough pathways. Honda CG125 has a CDI Ignition System and a 12-volt battery (instead of 6-volt). The headlight and indicators are brighter, with an easy starting-up of the engine.

Honda Motorcycles are defined by Quality, Performance, Speed, Economy Petrol and Re-sale Value. All these have managed to successfully bag your trust on the New Honda CD100. It is a stunning result of advanced Japanese technology and right up there as an outstanding performer representing all the qualities that make Honda motorcycles so special.
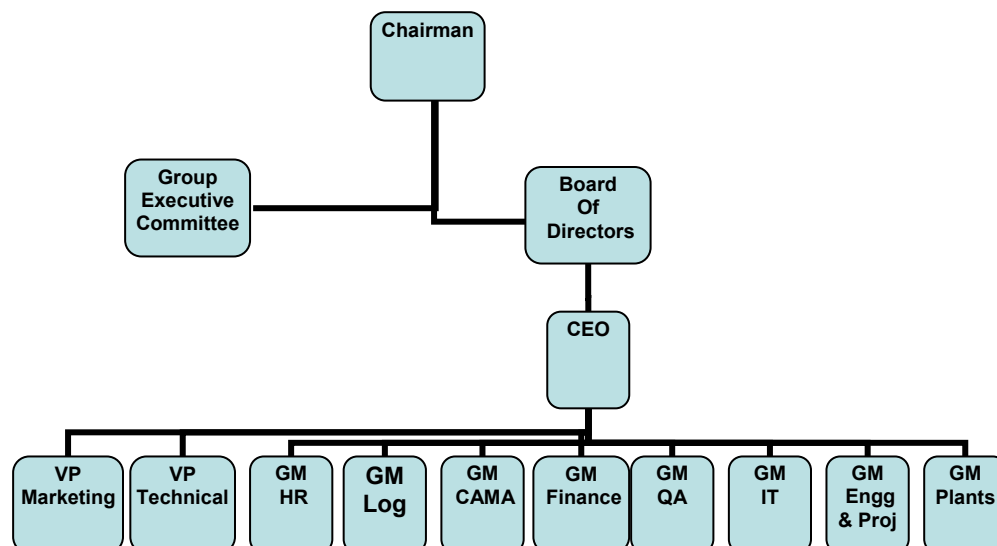
Organization of AHL:

AHL has two manufacturing plants; one at Karachi (production capacity 50000 motor cycles per annum) and another one at Shiekhupura with production capacity of 500000 motorcycles annually. Mr. Saquib Shirazi is the CEO of AHL but due to distant locations

of both the plants both plants have reasonably independent management structure. The organization is reflected in the Figure 4.1. The company manufactures only one product; motorcycles. It has a purely functional structure. On seeing the organization chart vertical integration stands out. The processes are centralized and standardized up to a certain level. However, according to HR manager there is greater amount of cross functional communications and coordination between various functions, this is not visible through organogram. Thus organization seems formal and is more oriented towards mechanistic structure. The major departments at AHL are:

- **Sales & Marketing:** This is the most important function at AHL. It looks after sales, dealers and their training, customer services network and customer satisfaction. It looks after a network of 1 S (sale), 3 S (sales, service, spare parts) and 5 S (sales, service, spare parts, second hand exchange and special credit sales) dealers.

- **Human Resource:** It takes care of HR, training & development, HR policies, Recruitment & Selection, Employee performance appraisal, Compensation, Attendance & absenteeism, etc. It is also responsible for discipline, general factory administration, industrial relations and safety issues. It looks after all union matters and compliance issues etc.


Figure 3.2 AHL Organization

- **Corporate Affairs and Management Audit (CAMA):** The department works on key result areas in AHL. It monitors and deals with WTO, Customs, Economic analysis, and corporate policies, Research, Govt. Departments, and Comparison with different countries i.e. India etc. It also monitors the performance of management through management audit and give necessary inputs where required.

- **Finance:** The finance department besides doing routine jobs like taxation, disbursements, costing, general ledger, pay roll, Inventory, Petty Disbursements etc. is also involved in long term future business planning. In addition, now the system of finance department has been shifted on SAP from an old oracle system.

- **Quality Assurance:** This department not only looks after training of employees on quality issues but also ensures quality of spare parts from vendors, final inspection of assembled motor cycle, quality of in-house parts produced, quality of deletion items, calibration of test equipment/fixtures/jigs and new developed parts. The quality is ensured as per Honda Japan laid down standards. This department also manages QC Circle on annual basis.

- **IT:** AHL has an elaborate, effective and efficient IT infrastructure, which takes care of all HR issues, inventory maintenance, logistics/supply chain management, and sales. AHL employs a state of the art HRIS. LAN and WAN connect up AHL to all its major offices, and Atlas Group companies. SAP in data process has been implemented and the six modules include. Financial, costing, sales & distribution, material management, production planning, and quality assurance.

- **Plants:** Responsible for actual production.

- **Engineering and Projects:** Despite the fact the technological base of Atlas Honda is Honda Japan, certain amount of localized modifications and design changes after careful evaluation of customers/dealers feedback are executed locally by E & P Department.

- **Logistics:** Now called as Supply chain management. They deal with vendor procurement, vendor improvement & development, local purchase, commercial dispatches etc.

HR Function at AHL:

HR as a function enjoys pivotal position in Atlas Group of Companies and so is the case with AHL. The basic HR policies are made at the Group level by Group HR Committee, which is headed by Chairman. Its members include Group President and Group Director HR. Group Director HR is also member of Group Executive Committee, the supreme decision making body of Atlas Group. The HR function at AHL is headed by General Manager HR and its organization is shown in Figure 4.2. The total employees in AHL include 776 management and 2166 workers. HR Department organization is as follows:
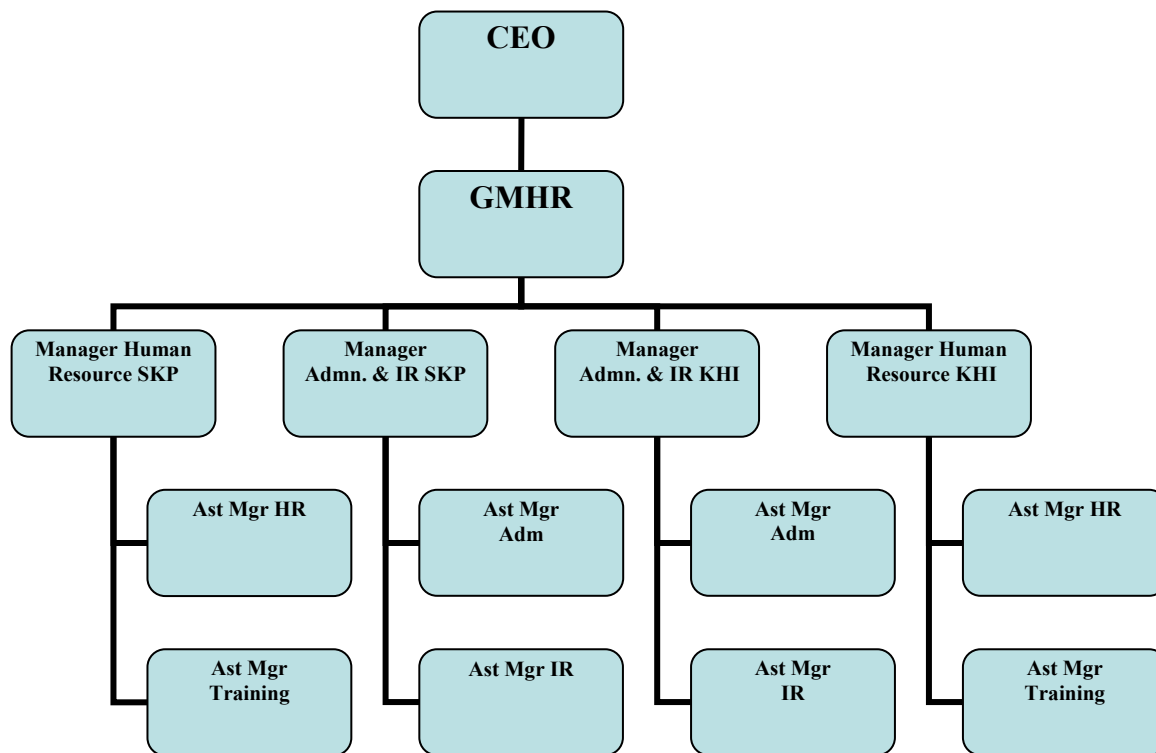
Figure 3.3 HR Department at AHL

GM HR is head of department. He is assisted by Manager HR and Manager Administration & Industrial Relations (IR). There are separate managers for Karachi and

Shiekhupura plants. Each manager is assisted by two assistant managers and the there are HR Executives.

HR Structure:

The HR is categorized into two broad categories.

- **Management:**
  - **Grade 12 & above:** This band includes middle management and top management (Asst. Managers, Managers, National Managers, General Managers, VP & CEO).
  - **Grade 13 -20:** This group of management includes Lower management and below (Executives, Supervisors, Foremen, Assistant Foremen, etc.)

- **Workers:** 0 grade.

Role of HR Department:

HR department in AHL is involved into the strategic planning. Its major tasks include:
- Human Resource planning.
- Job analysis and design.
- Recruitment and Selection
- Training and Development.
- Performance appraisal & Management
- Compensation and Benefits.
- Employee Relations & Compliance.
- Development of organization culture in the light of organizational philosophy.

Hay Management:

Hay management system is the major management tool used for Performance appraisal. This system is based on MBO (Management by Objectives). This system leads to

compensation, training & development, career progression and succession planning as well as job evaluation.

Human Resource Planning:

The HR planning process starts with the organizational strategy and future plans. Group HR Director who is member of Group executive committee is involved in the whole process of strategy formulation. Based on the inputs from all function heads and decisions of Group executive Committee, HR requirement of each company is finalized and budget allocations made. In the case of AHL, before the receipt of approved plan from Group Executive Committee and Group HR Director, various options are prepared for each department in consultation with their respective heads. Based on the planning for each department and HR budget (approved HR), each department is provided with required HR. Normally these vary from year to year. The major considerations in decision-making are:

- Organizational objectives
- Departmental objectives
- Budget allocations for the year.

The sources of information include following:

- Job Analysis
- Job Evaluation
- HR Analysis
- Department Surveys
- Marketing Targets.

Job Evaluation:

Job evaluation follows a detailed and well laid out process. **(Job Evaluation Performa Appendix 3)**

- **Stage 1**: The department managers formulate job description.

- **Stage 2**: A panel of experts / analysts analyze the job

- **Stage 3**: Grading of job based on value, qualifications, responsibility, decision-making etc is done by the panel comprising CEO, Group Director HR, Outside Director, concerned GM (functional head).

- **Stage 4**: Staffing is done thereafter.

Recruitment & Selection:

- **Recruitment**: The recruitment is made generally through advertisement in newspapers. The recruitment criteria prefer fresh graduates and very few appointments are made on contract basis and on market reputation of the individuals. However, occasionally experienced individuals are inducted laterally at middle and top management levels. No particular institute or organization is preferred in induction criteria. Mostly individual (graduates) from Lahore, Islamabad/Rawalpindi, Multan and Karachi based institutes opt to apply for employment at AHL. Mostly the management and management trainees were from, IBA, UET, NUST & Bahauddin Zakria University and other similar institutes.

- **Process**: A series of tests and interviews are conducted both for functional skills and general attributes. The process of recruitment and selection at AHL follows following steps:

  o **HR Requisition Slip:** This is the fore most step taken by the department requiring a particular category of HR. Normally it is necessitated by the planned business strategy and goals.

- **HR Requisition Approval:** The requisition of HR is evaluated and scrutinized by the HR department. This requisition is approved by the CEO.

- **Advertisement:** Once the requisition has been approved, advertisement is made through leading Urdu and English newspapers. The recruitment and selection for Grade 10 & above is done through a recruitment agency; Saadat Haider & Co.

- **Short listing:** Based on the HR recruitment criteria the most suitable candidates with required qualification are short-listed. As a matter of policy only specifically required qualifications are preferred rather than higher qualification.

- **Written Test:** The short listed candidates are put through a written test to evaluate their knowledge commensurate their education qualification.

- **Interview:** The candidates short listed after written test are put through interviews normally two. These are usually behavior-based interviews. The first one is preliminary and the other is carried out by a committee comprising GM HR, concerned department's GM and Manager HR. The final interview is made by the CEO & GM HR.

- **Selection:** After detailed scrutiny of written tests and interviews, most suitable candidates are selected. These candidates are then put through a formal medical examination before appointment is made.

- **Probation:** After the employee is selected, he/she remains on probation for a period of six months (it is only for management staff). The performance of the individual is constantly monitored, evaluated and feed back given so as to provide enough opportunity to the individual to demonstrate required skills. After successful completion of probation, the individual is confirmed against a particular job.

- **Selection criteria:** There management qualification required are:
  - **Management Trainees**: MBA / BE / CA
  - **Assistant Foremen**: DAE, B Tech.
  - **Executives**: Graduation /Masters.
  - **Technical Officer:** TTC

Training & Development:

Training and development needs are identified carefully on area-to-area basis. The company's long and short term growth and operational needs are dovetailed with individual associates' growth plan. Individuals' abilities and skills are identified and matched with appropriate jobs or marked for training. The individuals and areas thus identified are covered through in house and outside training, locally and abroad.[54] The training & development is more directed at manufacturing processes, quality control, sales and after sales activities of AHL. Even AHL dealers training figure out significantly. Culture and company values oriented training is also accorded to everyone by HR Department.

Why need Training?

To help each individual in the interest of the company and himself, to do present job more effectively and to equip himself for higher responsibility to reach the optimum potential.

Training Objectives:

The training objectives are:

- Match the training with specific job assignments.
- Ensure the successful trainees to acquire and apply the training achievement in their work.
- Specify the criteria for acceptable performance.
- Elicit target behavior (acceptable performance) from trainees.
- Promote continuous employee performance improvement.
- Encourage career long learning.

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[54]   AHL Annual Report 2003, pp.13.

- Provide an environment that fosters learning and encourages employee participation.

Planning Process of Training:

- Ensure training budget at start of financial year keeping in consideration training costs of previous year. (AHL did not disclose financial details of training budget).
- Evaluate TNA from annual performance appraisal.
- Develop training institutions Database.
- Develop TNA sheet along with training schedule against every training **(TNA Performa for Grade 13 & below-Appendix 4 and TNA Performa for Grade 12 & above-Appendix 5).**
- Then by following schedule nominate trainees on monthly basis and take approvals by keeping in consideration their current work schedule.
- Send nomination to training institutions and ensure timely registration.
- Evaluate impact of training on the performance of trainee through feed back from line managers.

Monitoring and Feedback Process:

Each trainee on his return fills training feedback form **(Appendix 6).** He is also required to brief/present salient of training. These activities are normally done at shop level by technical trainees. Followed by these feed back reports and presentations, trainees' individual performance is critically evaluated and reflected in the performance appraisal to develop & manage their skill level for future consideration.

Types of Training:

The training formats used at AHL are:
- o Orientation Training

o On Job Training (OJT)

o In house training

o Management Trainee program

o Apprenticeship training

o Dealers Training

o Training within country

o Training at International facilities (abroad)

- **Orientation Training:** Once an individual is selected for job at AHL, on his induction he is put through a 7 days orientation program. During this program each department briefs the employee and he observe working of each department. Before the commencement of orientation program each employee is provided following:

o Uniforms.

o Lockers.

o Shoes.

o Attendance card

o Transport.

o Safety hand book.

o Orientation plan copy.

o Job description copy.

o Atlas flash news.

o Joining forms.

During the process of their orientation, they observe, understand and evaluate following aspects.

o Expectations from job, company and superiors.

o Cultural aspects.

o Lines of communication.

o Purpose of job.

o Priorities.

- o Standards of work.
- o Reporting relationships.
- o Working relationships.
- o Major policies and procedures.
- o Working arrangements (hours, safe practices).

The orientation is followed by a post orientation training report, which is prepared by every individual undergoing training. The trainee's observations are discussed and where applicable necessary suggestions are implemented.

- **On Job Training (OJT):** OJT is provided to all employees with the basic objective of learning new skills and enhancing their skill levels. The modus operandi for OJT is that the each trainee is attached with one of the most experienced and able member on the job and he works under study to him for at least three to six weeks till he achieves desired level of expertise.

- **In-house Training:**
  - o The in house training includes class room training and job rotation.
  - o In class room training two Junior courses (J-course) and three Atlas Fundamental courses (AFC-1, 2) are run every month.
  - o 20-30 individuals attend each course. The duration of each course is three days. J-course is attended by Technical Officers (TO)/Assistant foremen (AFM)/Shops – In- Charge.
  - o The AFC-Course is elementary in nature and its focus is on cultural issues and J course is an advanced course with focus on quality.
  - o Another method used for in house training is job rotation. In this a proper rotation plan is made in consultation with the employees and supervisors. And decisions for job rotation taken purely by the higher management. The main purposes of job rotation plan are enhanced and broaden skill levels and career development / succession planning.

- The level of in house training is limited to lower level management and workers. Job rotation is however, applicable at top /middle management level as well. Often job rotation involve within Group Companies
- Cultural training is done through J Course, on job training etc.

- **Management Trainee program:** AHL is recruiting Management Trainees to find out potential candidates for managerial positions for future. Initially they are hired in Grade 13 & then promoted to 12 after confirmation. They are recruited through proper recruitment system. Qualification for Management Trainees is MBA, BE, CA Finalist, ICMA etc. Its duration is six months.

- # Apprenticeship:

  - Apprenticeship Program is offered as per Apprenticeship Ordinance, 1968.
  - Its aim is to build skilled labor force by conducting in-house training program to fulfill the skilled manpower shortage.
  - Apprentices have been recruited at least of 20% of the total strength of Apprentice able trades.
  - The total period of Apprenticeship Program is 3 years in which an Apprentice spends 1 year in TEVTA Colleges & 2 years in Industry.
  - Atlas Honda Limited is offering program for Science Matriculates to attain high level of skilled workforce.
  - By law, employer is not bound to offer any employment in his organization, but due to lack of skilled manpower AHL mostly recruit them depending upon their overall performance.
  - These trainees are mostly from Shiekhupura and adjoining areas.

- # Dealers' Training:

  - 3 Days training is organized for 5S dealers, Service Dealers, Honda Mechanics on yearly basis

- HSTC (Honda service training course) of 4-5 days duration is organized for VTI (Vocational training institutes), TTI(Technical Training Institutes) students.
- These trainings are focused at educating dealers about the customer service, repair and maintenance issues.

- **External Training within country:**

  - The external training activities include MBA from LUMS, Atlas LUMS Diploma and different technical courses from training institutions around Lahore & Karachi (PIMS, PIQC, PITAQ, STI etc). Normally the strength is around hundred individuals.
  - In 2005, two managers were selected for MBA at LUMS and 15 executives from Grade 12 and above are attending Atlas LUMS Diploma in management and business administration. The objective of Atlas LUMS Diploma is to groom lower and middle management with the latest management concepts and practices to remain current with the changing business practices. MBA at LUMS is for selected fast track managers who are picked up as potential top managers.

- **Foreign Training:**

  - Foreign training is limited to few opportunities at Group level. There is one six-month technical course at Honda facility either at Japan or Thailand. It is in line with regulations of ILO. It is attended by functional managers. The main purpose of this technical training course is to train an employee in latest technology or if an expansion is planned training on new equipment. The number of trainees vary from course to course depending on need.
  - Another course is Post Management Diploma (PMD) at Harvard Business School. This diploma is for top management to include General Managers (Functional Heads). Usually every year two senior most Managers who have potential to rise further are sent.

Performance Management System:

- Performance management is an important function performed by HR department. PMS at AHL is MBO based with forced ranking and appraisal is 360 degree based on multiple sources of feedback to make it transparent and balanced.

- Management performance appraisal forms attached as **Appendix 7 & 8.**

- The ranking include following grades:
  - Outstanding (5%)
  - Very Good (25%)
  - Good (65%)
  - Fair (5-19%)
  - Poor

- Performance appraisal is carried out in the month of June/July at the end of FY.

- The top management sets AHL's strategic goals at Group Executive Committee meeting. These goals are then converted into departmental goals and department GMs/VPs define the goals they must achieve for the company to reach its goals. The goal setting process cascades down the organization, so that all managers set goals that help achieve company goals. From these goals flow individual goals, which are used to evaluate individual performance.

- The goal setting follows principles of " SMART". The goals are usually set with the participation of managers and subordinates.

- Periodic feedback is given to employees in order to eliminate performance gaps observed during the appraisal.

- Three "**Fair**" gradings lead to termination.

- No one is graded poor.

- Based on appraisals, training and development programs are planned and implemented.

- The performance appraisal process followed at AHL is highlighted through figure 3.4 below.
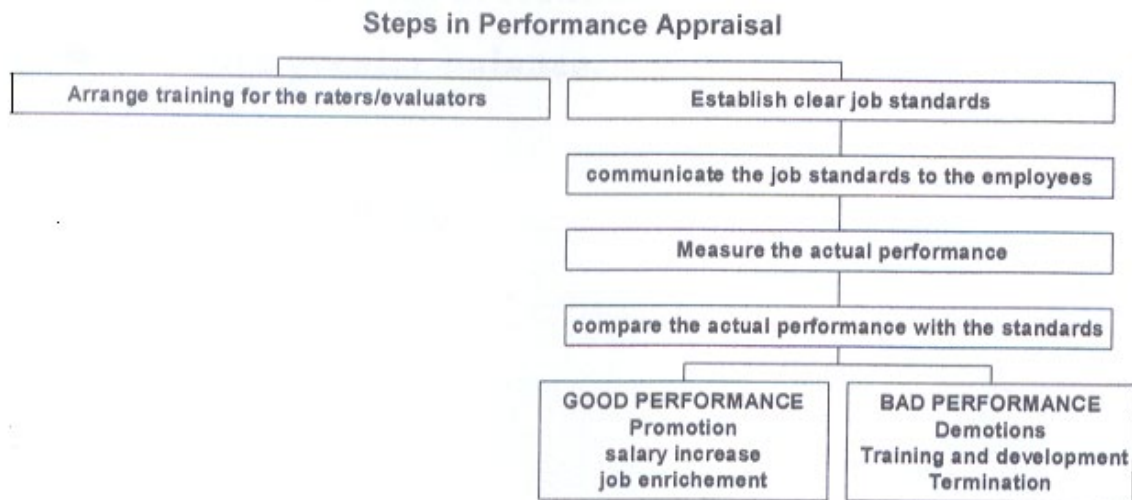
Figure 3.4 Steps in Performance Appraisal

- The major dimensions of performance appraisal are quantity and quality of work output and behavioral measures that are typically obtained from the evaluators' observation and rating. The performance appraisal 's major objectives are
  - Performance improvement
  - Compensation
  - Placement
  - Identifying performance gaps and give feed back
  - Training & development need assessment.
  - Career Planning
  - Job design error detection
  - Identification of external factors influencing job performance

Compensation:

The compensation includes direct and indirect financial benefits.

- Direct financial benefits include gross salary and bonuses. Gross salary includes annual increment and bonuses based on company performance for everyone from grade 1-20.

- Indirect financial benefits include provident fund, leave encashment, EOBI, gratuity, group life and health insurance, accidental insurance, car & motor cycle as per company policy and motor cycle on installments

- Bonuses are paid only to confirmed employees (minimum duration six months)

- Overtime as per company laid down policy to workers only.

- Gratuity @ 15 days pay per year of service after completing a minimum of 10 years service.

- Pay grades range from 1-20, 1 being the best paid. Minimum difference between each hierarchy level is 2 pay grades.

- Company maintained car for grade 13 and above employees and after four years the same can be bought back on book value.

- Based on the performance appraisal grading, annual performance based increments ranging from 5 % (Outstanding) to 1 % (fair) are given. In addition, everyone is given cost of living adjustment as per government announcement.

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Succession Planning and Career Planning:

Succession planning is the process of identifying and tracking the high potential employees. It helps senior leadership to review leadership talent in the organization. It also assures availability of top-level leadership.   It is an excellent tool for retaining the high potential managers as they can aspire and reach top-level management. The traditional view of a competent replacement is also an advantage of proper succession planning. At AHL, initially the identification and picking up of star performers is done and rewarded as well for super ordinate performance. Efforts are made that each individual is afforded more opportunities to grow and he spends minimum time in each grade. At AHL the two streams of employees' progression is as depicted in figure 3.5.

Career Progression with pay grades & time
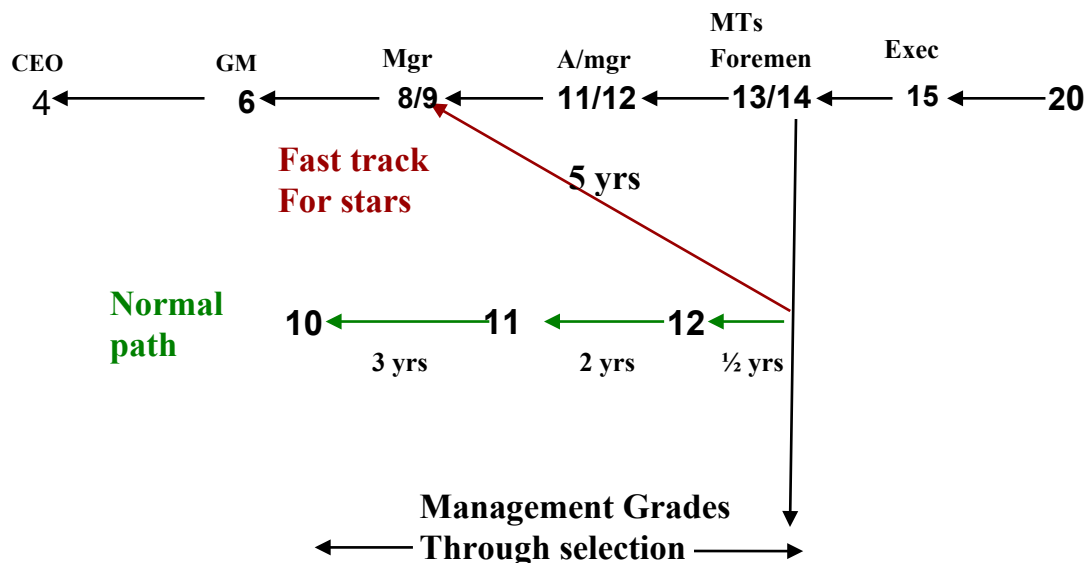
Figure 3.5 Career Progression at AHL

There are 20 grades for management and between every tier there is a minimum difference of two grades. Their typical progression pattern along with their pay grades is as shown in the figure 3.5. The management Trainee program started recently follows a fast track career progression. These individuals are selected after a detailed process wherein even CEO gets involved. Their performance and progress is closely monitored and evaluated. Then from these management trainees, stars are picked based on their performance, qualification and goal achievement. The career path of these stars is carefully tracked and their rise to middle management is normally achieved within 5 years. The other is normal stream wherein same progression is achieved in almost double the period. Currently succession planning is done at Grade 10 & above. Formal succession planning process for other grades is expected to commence in a phased manner from 2007.

Retention of Employees:

AHL is not a bond-based organization and every employee is free to leave on his personal will. No special effort is made to retain anyone. AHL feels every individual must work as a free choice and with willingness, only then can he deliver his best. As per HR manager AHL, any out of routine extrinsic intensives not only have limited effect on motivation level but also negatively affect the work place environment. As a policy every job is evaluated within a band of career width and its minimum /maximum education levels ascertained. The individual selection is purely according to this and deliberate effort is made not to short list or select candidates with higher qualification. Again as a matter of policy employees are not fired except for dishonesty and disobedience to laid down rules & policies. The turn over rate at AHL is less than 1 %. The overall egalitarian culture, better HR practices, job security, growth oriented and transparent working systems are major retaining forces.

AHL Culture:

The culture of AHL is derived from the basic philosophy of "**organizational development through self development"** and is developed around three *Rs; Respect, Recognition, and Reward.* HR department focuses a great deal on the building up of specific culture based on equality, honesty, integrity, merit, openness, fairness and justice and discipline. Everyone from Group Chairman, CEO and to the ordinary labor adhere to these. Japanese culture's hallmark of respect for everyone is visible at AHL as well. Usually presentations and meetings are held to highlight important issues to workers and even amongst management. No discrimination of hierarchy is visible in the office arrangement. It is typical Japanese office management; one big hall and everyone including CEO with individual cabins. The office settings and furniture is identical for everyone. The uniform and AHL cafeteria and food are same for everyone from CEO to workers. Everyone focus greatly on quality and safety.

Employee Relations:

- AHL has journeyed through a difficult period of relationships with the AHL labor union. The labor union at AHL is totally internal without any political affiliations. All workers are member of the union. The union or its leadership have neither special privileges nor any special status but have significant influence over the management as far as workers related issues are concerned.

- Since AHL draws its organizational strength from Honda Japan, therefore International Labor Organization (ILO) laws are followed in the company (compliance over and above the Pakistan Government policies).

- No restraining bond is filled or compelled from employees. In fact AHL prides in itself as an employees' organization where they love to work and working environment keep them attracted to job till retirement age. Thus the turn over rate is less than 1%. There are no forced exits rather employees are afforded ample opportunities to improve till they become productive members of the organization.

- Jobs are secured and the external hiring/promotions are minimum.

- AHL is the oldest manufacturing company under Atlas Group of Companies. In case of accidental injury / death there exist the policies of giving full claim and insurance to the affected person.

- The important benefits which AHL provides to its employees are:
  o Gratuity as per law after completion of 10 years of service at AHL.
  o Associates Loan (cash) for personal needs of individual employees.
  o Motorcycle at factory price and motor cycle loan through ballot
  o Medical is 100% free for employee and 75% for his family (spouse & children).
  o Free messing
  o Group insurance.
  o Provident fund.
  o Marriage allowance and paid maternity leave for female employees.
  o Funeral allowance.

- o Pick and drop service

- o Free provision of uniforms and washing.

- Health & safety is an important area, which is paid most attention. The corporate philosophy of ensuring highest standards of Safety, Health and Environment (SHE) are vigorously practiced. Sizeable capital expenditure has been made to install various equipments at both factories to reduce hazardous environmental effects. Regular sessions are arranged for employees and management on SHE awareness. AHL strictly follows these rule & regulations and meet strict standards on SHE.[55]

- **Punctuality**: Every employee has 8 hours working per day and within a specific on & off timings. The break times for various requirements like meals etc are specified for every group of employees. The attendance and punctuality is ensured through a computerized system where every individual's activities are recorded through punch cards. As a policy one paid leave is deducted for every four late comings and one leave is deducted on completion of 8 hours if planned delays/short leaves.

- **Overtime**: The policy of overtime is only for workers. The formula is based on base salary.

- **Privilege /Annual/Sick Leave**: For management it is 26 working days (excluding gazetted holidays) after completion of one year at job. For non-management employees, they are given casual/medical/earned leave as per labor laws. (10 Casual Leaves, 10 Medical Leaves, 21 Earned Leaves). There is no limit on the duration of sick leave for management category.

- **Retirement**: Retirement age is 60 years. The benefits given at the time of retirement include:

  - o **Gratuity:** 15 days basic salary per year of employment. Applied when employment period is 10 years or more

  - o **Gold Medal:** Worth 20 gram of gold provided the employee has 15 years service with AHL.

  - o **Leave encashment:** Against balance of earned leave.

- **Termination/Resignation:** Both employee and employer is given one month notice period before termination /resignation.

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[55]   Annual Report 2003, pp.13.

- **Internal Communication:** Formal communications are made through notice boards, newsletters, office orders and lotus notes. Informal communications include employment matters; pay matters, counseling etc and these are usually done by immediate supervisors.

Role of IT / IS:

IT and IS are integral part of HRM at AHL. Highly advanced HRIS system has been installed which is connected through an intranet. HRIS takes care of recruitment, employee time management, attendance, compensation etc. MS Windows 2000 Professional, MS Office 2000 Professional, SAP, Oracle Developer 8i, Lotus Notes, All kinds of software / hardware is used as per requirement.

Chapter IV
Analysis

Role of HR Function:

Atlas Honda Limited is part of one of the most dynamic industrial houses of Pakistan Atlas Group of Companies. The business house has been established by a thorough professional Mr. Yousaf Shirazi, in 1960s. Thus it is visible that he had an enlightened and more professional approach towards running of the business. Same is applicable to his heirs apparent; his sons who all are well educated in business administration. With this professional back ground of the founders of the Group we find that HR as a function is centre of management and business. HR's importance can be understood from the fact that at Group level there is Group HR Committee and Group Remuneration Committee that looks after the HR issues. Similarly at AHL there is GM HR who is member of Group HR and AHL Executive Committee, thus we find that the HR function is involved from strategy formulation to its implementation. The role of HR is integrative with regards to AHL. It is not only planning and formulating HR policies but also ensure organizational growth through self development. The HR is fully involved in the future planning of AHL, grooming/training of HR and also their well being. Currently the HR function has only 13 persons. However, the major decision making is done at Group level.

Human Resource Strategies:

HR strategies followed at AHL can easily be compared with the best. HR department is the catalyst in bringing forth the and nurturing the Honda culture and building organizational competencies by ensuring that its people at all levels are capable and

willing to perform at par excellence. The top management is committed and continues to provide the desired leadership to propel the organization forward through individual growth. The HR function is actively involved in developing people at different levels and departments. The focus continues to be directed towards the development of an egalitarian, transparent and merit culture; aimed at enhancing the skills of shop floor employees,   improving managerial competencies and leadership skills of managers.

Strategy Formulation:

HR function at AHL is fully involved in the strategy formulation at Company level as it continually monitors, reviews and evaluates the strengths and weaknesses of HR to keep it congruent with Company's business strategy. It also keeps a tab on the HR related opportunities and vulnerabilities to bring forth matching HR strategies commensurate with business strategies of Company. The involvement of HR department is from the inception to execution of any strategy. We find that Group HR Director heads the Group HR committee and yet there is another Committee to take care of specific issues related with remuneration of HR. The guiding philosophy of Group " Organizational growth through individual development" itself amply demonstrate the organizational focus on HR. HR function at AHL is working hands in glove with top management and employees. Top management in the sense that it partners with senior and shop managers in planning and implementation of strategies. And employees by representing their concerns and ensuring them provision of growth opportunities as well as better compensation & benefits.

Human Resource Planning:

Human Resource planning process is well defined and properly graduated. Thus we find that HR planning is well integrated into the overall business strategy and growth plans. The introduction of Apprenticeship program for youth of the area is an example. Since

the company is planning an expansion in near future and the required technically qualified HR was considered not available in the area, so appropriate action has been initiated well in advance. This is not only socially responsible but also futuristic and integrated planning at organizational level. Despite the fact that top of the line talent is not wooed, it is the HR practices at AHL that we find it becoming a top company. HR department is actively involved in HR development at all tiers of Company and is the major player for developing the much envied AHL culture.

The main focus of the HR department is to attract & select, train & develop, reward and retain top talent for growth and success of business. The plus point with AHL is that is a peoples' company and its employees belong to it. There exist a long term commitment on both sides and HR department fosters it further by creating and maintaining desired HR environment and cultural milieu. People of AHL are its strength. HR department though not heavily staffed but well equipped to train its staff to understand and implement integration of HR practices with business strategies.

Recruitment & Selection:

- **Recruitment Base (internal /external):** The recruitment at AHL is primarily done from local institutes. Despite the claims of HR manager, the visibility of AHL recruitment remains limited. Thus there is a possibility of untapped talent which has not been wooed. The recruitment base appears to be restricted and not all exploring.

- **Internal Recruitment:** The recruitment procedure is quite comprehensive and well defined. The results have proved that it is aligned with strategic objectives of company. At AHL, the process to fill a vacancy starts with the requirement communicated by respective managers to HR department based on future goals given to them. The HR department evaluates and recommends people working at lower levels for vacant positions and chose right persons to fill those vacancies. Mostly promotions are internal and external hires other that entry levels are rare.

- **External Recruitment:** For external recruitment the process begins from job evaluation which is done by professional analysts and approved by Group HR Committee. The process though seems lengthy but in practice it well defined, mature and the Group HR committee meeting can take place as frequently as on monthly basis, depending on need. Thus there are less bottle necks but tighter controls.

- **Selection Process:** The selection process comprises written test and then multiple interviews of screened candidates. The process is quite well laid out as line managers, HR staff and top management all are involved in it and due care is taken to pick up and select the candidates with best potential. The written tests are skill / educational qualification based whereas interviews are primarily behavioral in nature. Thus Company picks up and select candidates with requisite education as well behavior consistent with their culture. The major drawback which appears in this whole process is additional commitments for management involved in the selection process and their being not specialized in these matters.

Training & Development:

AHL recognizes the fact that excellence in business is dependent on quality of HR. Thus it has continued to invest heavily in the development of its HR Training and development is the process of investing in people to enable them to enhance their performance levels and to create a sense of self belief through which they are able to exploit their true potentials. AHL puts great emphasis and resources in training and development of its employees. The employees are allowed to plan their own training needs and take responsibility for their development. The systems of performance appraisal, compensation etc are all transparent and merit based. There exist a culture of openness and honesty thus greater and equal opportunities for individual growth. Therefore employees have greater empowerment in all areas including training and development.

- **Purpose:** The purpose of training is mostly skill development of employees and improving business related managerial competencies like interpersonal skills, forecasting techniques etc. However, it depends upon the Company's objectives.

Based on these objectives training and development is planned. All employees make best use of the training opportunities.

- **Planning and Need Assessment:** Training planning is based on need assessment which carried out by line managers as well as HR staff, keeping in view the future plans. The training need arises as a result of development figured out as a result of performance appraisal.

- **Training Focus:** The training focuses not only enhancing skill levels but also behavioral changes congruent with organizational objectives. Thus we find that the training plan not only takes stock of technical skills of line staff but also managerial & behavioral attributes of managers. The training is applied to all segments and tiers of Company including vendors and dealers.

- **Responsibility of Training:** The procedure adhered to at AHL follows a dual responsibility mechanism where training of specialist aspect is domain of specific functions and general training is planned by HR department. However, the overall planning, execution, coordination and conduct responsibility is of HR department. The system seems to working quite effectively.

- **Employee Participation & Readiness:** The system followed at AHL provides a yearly forecast of training plan based on performance appraisal. Thus every potential trainee is aware, ready, prepared and fully committed to training. However, the flexibility is exercised by HR department to address individual contingencies or organizational exigencies.

- **Conduct of Training:** The training is mostly imparted at established technical and management institutes. In a way, it has been outsourced to make use of expertise of these institutes as well as cut down administrative costs. Only small training sessions focusing culture and few technical issues are dealt through monthly J /F courses. In this way AHL not only make use of best available Technical / management Institutes in the area but also bring forth a fresh perspective to the organization through these courses. However, outsourced training does not fully address company's product and customer needs being generic. To take care of this aspect AHL also hold in house training sessions.

- **Feedback and Transfer of Training:** AHL has formal post training feedback process which helps HR department and line managers to review and refine training sessions. Post training performance of trainees is carefully monitored and transfer of training issues highlighted in the performance appraisal. This process not only brings out the best response in training from trainees but also provides relevant inputs for future planning of training.

- **Training is not the only way to Learn:** Both organization as well individuals realize that training only is not sufficient to develop people and that other developmental opportunities are identified and accepted. Within or inter function and in some cases (middle / top management) inter company rotation is one such tool used at Atlas Group. Others include special projects, short term assignments, symposiums and seminars etc.

- **Benefits:** The main advantages which AHL accrues out of training activity are:
  - Creation of pool of readily available and adequate replacements of personnel.
  - Easy absorption and adoption of new technologies because of sufficiently knowledgeable employees.
  - Enhanced effectiveness and efficiency resulting in financial competitiveness and gains.
  - Increased productivity.
  - Less than industry average turn over.
  - Highly motivated HR and increased employee commitment.
  - Decreased need for supervision.
  - Succession planning.
  - Achievement of higher standards of safety and lesser accidents.
  - Training and development serve as clear gun sight to employees for their career progression

- **Mentoring & Coaching:** Currently there exists no formal application of mentoring; however, coaching is in practice at line staff level.

Employee Development:

AHL is peoples' company and it takes great pride in the fact that firing or terminations are a rare occurrence. Its philosophy of "***Organizational Development Through Self Development***" is not a proverbial saying but a concept truly practiced. What makes it a peoples' company is the high quality learning and developmental activities coupled with a clear gun sight for every employee. AHL contributes its success to its people; the employees. Investing in personal and professional development of employees is a high priority for company. The benefits of this investment are evident from skill levels, very low turn over rate and the productivity and performance of AHL. These benefits are shared by company and individual employee directly and by community in directly and in ling run. Their developmental activities are not only company focus but also community based; apprenticeship program do not bound trainees to join AHL after completion of training. All the training and development needs and objectives are communicated and coordinated by HR department. The feedback is also analyzed and considered by HR department and line managers through trainee feedback or performance appraisal. The performance appraisal is based on 360 degree feedback. As like other HR practices at AHL the hallmark of the whole process is its transparency and openness.

Employee Performance Review:

Every managerial staff performance is ascertained after reviewing his performance, proven skills, achievement of goals, demonstrated behavior and future goal. The decision about his development needs is made between functional and HR managers. The individuals are evaluated on their performance at company annually but their review and feedback continues throughout the years, usually on quarterly basis. The feedback is mostly verbal except in rare circumstances of adverse nature when it is done in writing, the managers discuss their observations with employees being evaluated and the individual has the process of registering his disagreements / grievances. Managers and

supervisors are also given training to help them develop skills to evaluate honestly and objectively. The procedures and processes are simple and transparent. HR department uses the information gathered through performance appraisal to evaluate the success of recruitment, selection, placement, training, and other HR policies. Formal appraisals are needed to help managers with placement & succession planning, compensation and career management. The PMS at AHL is MBO based with 360 degree appraisal and forced ranking but the most significant feature is transparency and fairness. AHL stresses fair and objective performance management of employees. Frequent job analysis is carried through out the company at all levels. Job requirements are established and employees made aware of these. AHL then set objectives, commits required resources, ensure monitoring and regular review to assure progress against set objectives. The PMS at AHL is not only geared to ensure employees full commitment to achieve company goals also to give feedback to employees about their performance. It also highlights areas needing improvements and development opportunities.

Employee Motivation:

The egalitarian culture, transparency, openness and mutual respect are major motivating factors. These are supplemented by aspects of compensations, benefits and job security. The equality in the culture can be observed in one cafeteria, one uniform, same meal, same transport and similarity of offices. The rites of success, retirement, family etc also give them the feeling of ownership and raise their motivation. Their philosophy of corporate governance and corporate social responsibility add to the pride of their employees. Thus AHL has developed a particular culture rather than any specific need based measures to motivate employees.

Retention:

Employee retention is not an issue at AHL at present. The main reason is its top of the line HR policies and workplace environment and culture. Despite the fact that it is not a

pay master, the retention level is high due to its culture of respect, recognition and reward. Another contributing factor is transparency of HR practices. Everyone knows the compensation packages, benefits and there is hardly any external hiring except at entry level. To my inquiry the HR manager was very open about various pay grades and their benefits. The clear career paths, future goals and job security are yet more value adding policies ensuring retention of talent.

Succession Planning:

Succession planning has started from top down with up to grade 10 initially and now it is being expanded further. During the current year 2006 it will include grade 11 as well. Every manager identifies his successor amongst his immediate subordinates based on performance appraisal. Then accordingly his training and development is planned and opportunities provided to them show their mettle. The succession planning process is handled by functional in consultation with HR manager. CEO is involved as the level rises and after certain level Group HR Director also gets involved directly. Also time required being ready for the job and training needed is also identified for each candidate.

Employee Relations and Labor Union:

AHL had a reasonably turbulent relationship with labor union in the past, especially during 70s.This adversely affected the productivity. As the business environment changed and AHL also reviewed its HR policies, it has been able to build compatibility between the union and management. This transition to harmonious relations has led to better productivity and the gains have been shared by every one.

- **Industrial Relation (IR):** IR is given special importance by greater involvement of union and employees and maintaining an environment of trust, empowerment and mutual respect. AHL being a joint venture of Honda of Japan not only follows Pakistan Labor laws but also ILO regulations in all their manifestations. AHL has

dealt union with fairness but firmness to ensure good workplace culture and business relationship with union.

- **Redress of Grievances:** Employee grievance redressal procedure is designed to create a channel of communication so that employees can express their opinion, concerns or view point. At AHL there are a number of channels used both formal and informal. Informal include suggestion box, periodic meetings of departments etc. The formal include proper channel from functional head till CEO and in many cases Group HR committee; till the grievance is addressed.

Compensation:

The compensation and benefits procedures at AHL are well developed and are comparable to the best. These benefits extend to wide range of facilities provided by the company to retain its HR. The compensation includes salary, increment and performance based bonuses. Then there is host of benefits for everyone and above all job security. AHL ensures that its employees get the best for their abilities. AHL's may not be the market leader as far as compensation is concerned but well defined and merit based compensation procedures coupled with life time employment are still a major retaining instruments. It has worked for the company in the past and expected to take AHL through in future as well with some additions. One major negative is non availability of stock option to the employees but its effect in the current Pakistani context is minimal.

Future Outlook on Training at AHL:

Although the current focus of training and development activities is on enhancing technical skill levels of employees but more and more emphasis is being laid on management training and development. Increased number of managers availing these opportunities and introduction of management trainee program is step in this direction. At the moment succession planning is more formalized for grade 10 and above employees. It

is based on performance appraisal, company criteria and educational qualification but from year 2006, grade 11 managers have also been included. The scope will expand with coming years. The identification of star performers is a combined responsibility of departmental heads and GM HR. CEO keeps a close track on all these star performers. At Group level the whole activity is evaluated by Group HR Committee headed by Group HR Director.

Chapter V
Conclusions & Recommendations

Conclusions:

- Atlas Honda Limited is the oldest Honda Company outside Japan. As it draws its main policy inspirations from Honda Japan, its HR policies are well defined and quite in line with latest practices, at least in Pakistani context. These policies are well documented and adhered to at the organizational level.

- Group Corporate management layer enjoys strong influence in the decision making which affect individual companies. Three potent and effective decision making bodies are at Group level. These include Group Executive Committee for business decisions, Group HR and Remuneration Committees which directly influence HR policies at each individual company.

- The founder as well his successors are hard core business professional with relevant educational and industry back ground, the influence of which is visible in the professional handling of business.

- Motorcycle industry in Pakistan was quite consolidated till the arrival of low cost Chinese assemblers. As a result of Chinese motorcycle assemblers, major players like Honda, Kawasaki and Yamaha has to shed market share and review their prices. AHL, however, is still the market leader. The industry currently is far less consolidated as was five years ago.

- HR as a function enjoys pivotal position at AHL and an active partner in strategy making and implementation. The Hr policies are based on Hay management system.

- The recruitment base is quite confined and restricted to applicants responding to newspaper advertisement. No effort is being made by AHL to attract and lure high potential candidates from prestigious institutions of country. Neither AHL nor Atlas Group as a whole reach out and motivate better talent to join them, by attending job fairs or reaching to students or business or technical colleges. However, the internal recruitment is quite comprehensive and defined and proving a good source of motivation and employee retention.

- The selection process is based on written test followed by two interviews and probation period of six months. The whole process is conducted by non specialists who have their primary responsibilities as well. Other than this the process of job creation is also well laid out and defined.

- Training and development is an outflow of performance appraisal and the process is reasonably well defined. The focus of training is technical skills enhancement with lesser focus on managerial skills enhancement.

- Training & Development is mostly short term oriented as it is tailored to meet immediate technical skill needs. The management trainee program has just been started a year ago.

- Succession planning is an area shrouded in haze and there appears little evidence of any formal platform (like in attached GE case study there is Session C). It is mostly done informally. More so it is restricted to top management only.

- Performance management system based on MBO is quite objective, focused and transparent as has 360º feedback and appraisal. It takes into account both technical skills and personal attributes as well as development needs.

- There exist a culture of mutual respect, reward and recognition, transparency and merit. This is a major motivating factor.

- The low turn over of HR is a result of long term organizational commitment into the employees and its culture. The employee relations are based on long term policies of performance recognition and rewards.

- IT/IS is used to further better management and improve HR policy implementation with fairness.

Recommendations:

- ## HR Function:

  - **Role of HR Function:** The role of HR function at present is very pronounced and significant in the sense that it is involved in the complete business process of AHL. However, there appears an awesome centralization in the sense that most of the decisions are made at Group HR committee level. Apparently HR department at AHL seems to yield lesser influence as it has to look up to Group HR committee for most policy decisions. It is therefore suggested that HR department of AHL should be provisioned with executive role and more authority and Group HR Committee should be more as an advisory body, formulating and coordinating HR policies. The HR function at AHL should be empowered to take major decisions on recruitment & selection, job evaluation, and compensation through its own executive committee. This committee may have non executive directors for the purposes of objectivity and transparency. In addition, HR function at AHL need to have increased staffing because for most of the information required for policy making decisions it is dependent on other functions and it does not have the required expertise and staff in quantity to validate the available information. Some fresh MBAs from LUMS, NUST, SZABIST are suggested for induction on yearly basis. This will not only strengthen the knowledge base of HR

functionaries but also provide enough HR staff to take on the future challenges. In addition, it is recommended that instead of general HR practitioners the company should go for specialists for better handling of every sub function of HR.

o **Human Resource Function and Administration:** The outdated approach of administrative role being undertaken by HR department still continues at AHL. HR is a much specialized function and administration should not be synonymous with it. AHL must create a dedicated HR function focusing and taking care of Human Resource Management.

o **Level of Integration:** The current level of integration between HR department and top management needs to strengthen further. Rather than Group HR committee taking the lead AHL HR department should be in the forefront and taking the necessary initiatives. For this it has to reinforce itself with HR specialists rather than generalists, which is possible only if fresh intakes are taken regularly.

o **Human Resource Planning:** The current process of job evaluation, HR forecasting based on company goals and objectives and future plans is quite effective and the initiatives like apprenticeship training for preparation of raw HR for future must continue and expand further. More over, the HR function must shift its focus to transformational activities rather than on traditional or transactional activities.

• Recruitment & Selection:

o **Attracting the Talent:** Currently AHL employs newspapers to attract new talent. There are other options which can yield even better results. It is suggested that as Group Atlas Honda may indulge into attending job fairs for identifying both technical and management talent. The fact that present arrangement is meeting its needs should not deter it from going overboard to pick up best talent because of the highly competitive business environment under evolution in Pakistan. AHL in combination with Atlas Group must reach out to better

institutions to attract even better talent. The investment in attracting the better entry level executives will have far reaching positive effects on the company.

- o **Internal Recruitment:** The policy of internal hiring must be further strengthened as its effects on the motivation of employees and AHL culture are extremely positive. Internal hiring gives a clear career sight to the employees for future growth opportunities.

- o **External Recruitment:** External recruitment at entry level must be enhanced and its quality and base must be further expanded and improved. The head hunting through the consultant firm is a professional approach which is supported and its radius of effect may be expanded after careful study or even through implementation.

- o **Selection Process:** The current selection process is based on written test and interview. Considering the significance of technical skills combined with management expertise it is recommended that assessment center should also be instituted. Moreover, the selection should be handled by a team of line and HR managers who have requisite training and professional experience in selection processes and techniques.

• **Training & Development:**

- o **Planning and Need Assessment:** The current process of need assessment is based on performance appraisal, functional heads' recommendations and company needs. The employees' inputs are limited. This aspect needs to be improved.

- o **Training Focus:** The training focus presently is on enhancement of technical skills and the improvement of managerial skills though attended to is not as significant. It is therefore suggested that more emphasis be placed on preparing management for the future challenges. Some of the areas needing greater focus are quality awareness, teamwork and interpersonal communication, needless to say other HR practices.

- o **Responsibility of Training:** At present most of the training is outsourced to established public and private institutions. This is accruing AHL benefits as far as economy of effort and money is concerned but it does not fully meet AHL specific technical skills improvement needs. AHL may consider establishing its on learning centre to prepare and train motorcycle technicians. This would not only meet training needs of AHL but also send out into open market a new crop of skilled motorcycle mechanics.

- o **Employee Participation & Readiness:** The employees at the moment follow these training plans as a matter of routine. There is need to have their greater involvement to enhance their commitment level. This can be achieved with greater employee participation at planning stage by the potential trainees.

- o **Feedback and Transfer of Training:** The current process of feedback and transfer of training is reasonably satisfactory. This can be made more effective by more focused evaluation of trainees and also applying certain quantitative approaches to validate improvements as a result of training.

- o **Training is not the only way to Learn:** Training is one of the lesser ways to bring out the best out of individuals. The other methods of enhancing skill and proficiency levels like mentoring, coaching, job enrichment, job enlargement etc be used more often and frequently.

• Future Outlook on Training at AHL:

The training undergone by most of the AHL employees is classroom training both at technical and business institutes. It is recommended that it can employ online and simulators training to cut down on time spent away from job and also have more realistic training sessions. In addition, this will afford significant flexibility as far as time is concerned.

- **Employee Motivation:**

Presently HR at AHL seems motivated and committed. One way is to sit back and relax but better would be to keep the policies dynamic and changing with the changes in environment. One area which can further improve the employee commitment and motivation is curbing overly formalized and mechanistic procedures. Despite the fact that there is an excellent work place culture prevalent, the working is bound by stringent procedures and changing them is quite a lengthy process.

- **Employee Retention:**

The retention level is very high and there appears a general sense of satisfaction as far as employees are concerned. The major reason is job security and selection to the criteria. The high performance individuals either don't opt for it or not encouraged. Thus the situation suits both employee and employer and apparently results on turn over etc are excellent. However, to survive in the changing local and global scenario they will have to attract people from top technical and management schools and for their retention the HR policies especially growth opportunities and empowerment will have to be tailored accordingly.

- **Succession Planning:**

Succession planning is primarily restricted at top management level. It must come down to middle and lower management, the earlier the better. Succession planning is not only an excellent replacement tool but also an effective motivational and retention factor.

- **Employee Relations and Labor Union:**

The employee relations at the moment at are satisfactory level. This could be a result of good HR practices as well as political climate prevalent in the country. Thus HR department needs to keep a concentrated focus on these issues and there is need to involve union not only in workers' issues but also in strategic decision making process.

Their involvement in future planning can yield much improved results at implementation stage.

Compensation:

AHL at present cannot be considered as market leader as far as pay etc is concerned. This has not created any big issue for AHL because it not lagging behind by much margin. However, the arrival of MNCs and opening up of other options to the talent may be depriving AHL of the best talent. Thus AHL may consider conducting a survey or research on the subject to review its compensation policy.

• Empowerment:

The lengthy procedures of decision making could become cost prohibitive in the long run. Therefore, it is suggested that decision making should be predominantly at AHL and not at Group HR committee level. However, these can be coordinated in some cases at Group level.

• Use of IT:

The IT is a powerful tool. Its further and expanded use will add to transparency and growth in commitment and motivation of employees. Thus its scope be expanded for imp[roved communication channels.

Conclusion:

The proverbial that nothing succeeds like success may have lot of truth but its validity may be limited in present day business environment. The need for training and preparing HR for current and future challenges has become even greater as organizations grapple with the challenges presented by a fast paced, highly dynamic, and increasingly global economy. Today most successful organizations are learning organizations.To compete

and thrive, many organizations are including employee education, training, and development as an important and effective part of their organizational strategy. Atlas Group of Companies despite many pitfalls is probably one of the best-managed and organized business concerns in Pakistan. It has progressed leaps and bounds over the years and continues to move further. It has followed a cautious approach due to peculiar politico-economic situation of the country as well as availability of skilled and professional work force. Mr Yousaf Shirazi the founder is the driving force behind the Group and has successfully steered it through thick and thin. Over the years the Group has valued its people and maintained a healthy and clean working environment. Workplace ethics has been a major productivity factor. The Group is also known for healthy business practices and thus enjoyed an impeccable reputation in the business community. The Group is positioned to grow. The Group aims to strive for excellence in all areas of endeavors, to make each company in the Group highly profitable, a provider of high quality goods and services, an attractive organization to work for, and a reliable business partner and associate. The growth of the Atlas Group is the result of its focus on good Corporate Governance and the vision of its chairman that everything which comes from society must serve the society because he has created "**a company which society wants to exist**".

AHL the oldest and revenue power house of the Group is an example of excellent HRM at organizational level. It is peoples' company which takes pride in investing in its employees. The HR practices are quite mature and well defined. Training and development is major activity at AHL, but there is lot to be done to meet the future challenges. Training is a very important priority at AHL. However, training and developing its people should be its strategic focus if it wants to win in a highly competitive business. Its objective should be to drive its competitiveness through this training. It will only happen if every person of AHL, including the CEO, makes a personal investment in leadership, in learning and in development. This is the central concept around building quality of work life. It is the central concept around getting the best people to come to work for AHL, and it is the central concept around moving to the next level. It can't be overemphasized.

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Harley Davidson Human Resources Management[56]

Harley's current HRM practices stem from a culture change initiated by then CEO, Richard Teerlink. The leaders of the organization agreed that the best course for the future involved stimulating a broad feeling of ownership throughout the organization. They needed a deeper sense of involvement and leadership from each employee rooted from each employee's desire to lead the company. Harley developed a new definition of leadership as: *"...the process of creating and sustaining a culture where employees work together in achieving common goals, not because they have to, but because they want to."* (Teerlink, 2000a)   The company combined ideas for a new vision from both Management and the Union perspectives in order to create a joint vision for the future of the company. Management and the Union both agreed to the new joint vision for the future by signing a one-year labor contract in 1988, which reduced the risk for both parties.   The joint vision was a twelve-page document that addressed financial performance, quality, customer satisfaction, management effectiveness, union effectiveness, compensation and benefits, safety and health, housekeeping, work environment, and communication. Using the joint vision, Harley developed a business strategy that assisted employees in determining whether they were working effectively towards the company's long-term goals.   The new vision was stated as: *"Harley-Davidson is an action oriented, international company – a leader in its commitment to continuously improving the quality and profitable relationships with stakeholders (customers, employees, suppliers, shareholders, government, and society).   Harley-Davidson believes the key to success is to balance stakeholders' interest through the empowerment of all employees to focus on value-added activities."*

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[56]   WWW.road.uww.edu

Harley-Davidson prides itself on open communication with employees and a team-based culture. Employees are involved in goal setting and this practice facilitates a shared vision of the company's direction. Self-directed work groups are the norm. Departmental differences are minimized through a focus on cross-functional communications. These types of personnel practices are known as "partnering" at H-D; partnering results include increased employee motivation and a reduced need for supervision.

The company developed its Performance Effectiveness Process to foster both employee performance and career development. Employees are rated on a form that includes over ninety descriptors. Descriptors include such items as: 1) values diversity in the workforce, 2) does what he/she says he/she will do, and 3) responds in a positive manner to criticism. The performance evaluation was tested and refined on mangers before it was used on the workforce. The Human Resources Division discovered that conducting performance appraisals and career development meetings at the same time hindered career development because employees became distracted by the amount of pay raises. Harley-Davidson now holds these meetings separately to ensure that the employees are not distracted by the pay raise and can concentrate on the proposed opportunities for personal career development.

H-D takes career development seriously and has formalized all the company's learning, training, and development initiatives under its Leadership Institute. Each year over a third of the company's employees attend the institute's courses. Management believes these courses improve the company's competitiveness, while giving employees the knowledge and skills needed for advancement and personal growth. Harley-Davidson prefers to promote from within the company to give employees opportunities for advancement, and demonstrate the company's commitment to retaining talent within the company. This is why they also have an extensive tuition reimbursement program including undergraduate and graduate programs offered through Marquette University and Milwaukee Area Technical College. Lastly, Harley even developed a program to assist its distributors, by offering classes at the newly created Harley-Davidson University (HDU), which helped local distributors improve customer satisfaction, store-

layout and merchandising. By the year 2000, HDU was boasting 1,800 paying participants.

The compensation theory used by Harley is based upon four principles: 1) People must seek opportunities to act on their intrinsic motivation. 2) Salaries and benefits are only a part of the total rewards and recognition package. 3) Employees can expect the totality of rewards and recognition that they receive from their company to be fair in comparison to workers from similar companies and fair in comparison to their co-workers. Harley's compensation structure is organized by two guidelines: 1) Make a larger portion of the employee's pay at risk or variable. 2) Compensate all employees in the same manner. An example of a bonus compensation system used for employees is giving equal percentage bonuses, based on 15% of sales. It is believed that this practice minimizes differences in employee pay and promotes teamwork and less jealously amongst employees

In 2004 the company employed approximately 8,900 employees in the manufacture of motorcycles. As a function of their geographical location, unionized employees are represented by one of two unions. Harley-Davidson has only incurred one strike since its AMF days and generally evokes a deep commitment from employees. Building consensus with union employees is H-D's standard practice. Resolving the occasional union grievance is left to the employee filing the grievance, the union-steward, the work group, and the work group's advisor (manager). The grievance resolution is considered binding by the union and the company. The company's collective bargaining agreements are due to expire in 2007 and 2008. After signing the new seven-year labor agreement in April of 2001, Union and Management cited their strong partnership that had been forged back in the mid-1980's as the key force in reaching the new agreement.

Harley has a time-tested device for keeping up with customer demands and ensuring product quality. Half of the company's 8,000+ employees ride a Harley-Davidson. Every employee, including the CEO, must go through a dealer to get a bike. This is just a testament to Harley-Davidson being a company driven by the Human Resources function. Fairness and equality are driving this company into the future with a workforce that believes that they are a part of something special.

Management Profile

Board of Directors

Chairman	Yusuf H. Shirazi
Chief Executive Officer	Saquib H. Shirazi
Directors	Koji Nakazono
	Nurul Hoda
	Sanaullah Qureshi
	Sherali Mundrawala
	Toshitsugu Kaneko
	Yoshitaka Kitamura
Company Secretary	Zaryab Tarique

Group Executive Committee

Chairman	Aamir H. Shirazi
Members	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Saquib H. Shirazi
Secretary	Theresa Dias

Group Personnel Committee

Chairman	Yusuf H. Shirazi
Members	Aamir H. Shirazi
	Bashir Makki

Group Systems & Technology Committee

Chairman	Iftikhar H. Shirazi
Members	Mushtaq Alam
	Zia Ullah Begg
Secretary	Sarfraz Hassan

Audit Committee

Chairman	Sanaullah Qureshi
Members	Sherali Mundrawala
	Nurul Hoda
Head of Internal Audit	Aamir Shakoor Khan
Secretary	Ashfaq Ahmad

Management Committee

Chief Executive Officer	Saquib H. Shirazi
Vice President Marketing	Nurul Hoda
Vice President Technical	Toshitsugu Kaneko
Chief Financial Officer	Suhail Ahmed
General Manager Plants	Amir Awan
General Manager CAMA	Maqsood A. Basraa
General Manager Development	Yoshitaka Kitamura
General Manager Quality Assurance	Lt. Col. (R) Sultan Ahmed
General Manager Human Resource	Raffat Iqbal
General Manager IT	Mushtaq Alam
General Manager Logistic	Talha Saad