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IMPRESSION

Human Resource Accounting

In any organization, the efficiency of the people must be improved in the right perspective in order to ensure its growth and development. The health of any organization can be assessed through different human variables like, employee engagement, skills set, motivation, team work, communication and managerial decision making. The success of the organization depends on how effectively the human resources utilize the other scarce physical resources and it largely depends on the kind of quality people working in it. Despite having abundant physical resources, an organization may sometimes fail miserably, unless it has the right human capital to manage it.

Human Resource Accounting (HRA) is the result of various researches conducted in the areas of accounting and finance. The perceptiveness of HRA is that Human Resource (HR) is an asset, whose value gets appreciated over the period of time, if rightly placed, used and developed in the right direction. With the help of behavioral scientists, organizations have assigned value to the HR in their accounting practices. It all started with a traditional view that expenses incurred on HR are treated as expenditure as it doesn't create any physical asset. But this view is slowly changing with HR being treated as capital expenditure, which gives long-term benefits and can also be quantified in monetary terms. The 'conservative' accounting practices do not take HR value into consideration although there is cost in the form of recruitment, selection, training; and contributory value, in terms of profit and productivity involved in it.

In India, the financial statements of companies are prepared according to the provisions of the Companies Act, 1956. This Act does not contain provisions to take into account valuation of human resources and their disclosure, except giving details about them by way of a supplementary attached to the financial statements.

In view of the globalization and businesses becoming techno-centric, companies are voluntarily providing information about HR to project themselves as the most valued companies. In this aspect, public sector companies like, BHEL, SAIL, MMTC, NTPC, ONGC, EIL, etc., are in the forefront. In the private sector, Infosys is the first company to include the value of HR in its financial statement. Most of the companies follow the Lev and Schwartz model for valuation of human resources. It talks about economic valuation of employees, based on the present value of future earnings.

HRA is like knowing one's strengths and thriving for greater performance. It would be better if every organization adapts HRA so that the real value of the human resources can be known.

Sivaram Tekuru

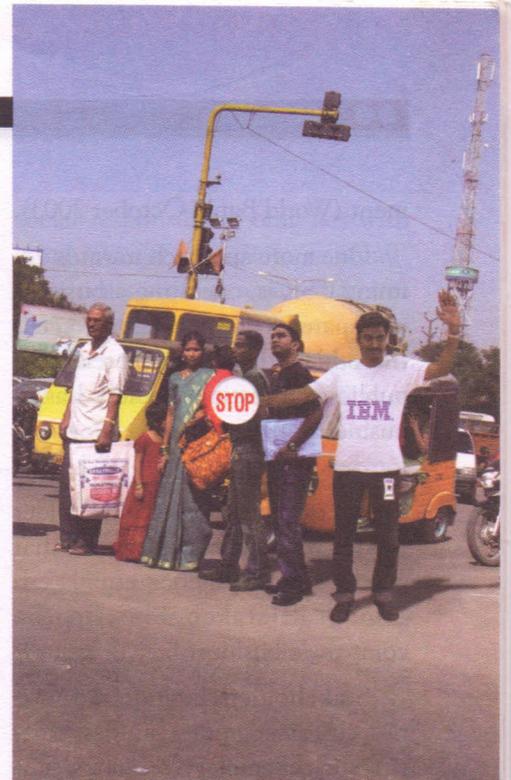
Corporate Social Responsibility

Proximity to Human Resource Management

Many corporations have adopted Corporate Social Responsibility (CSR) practices while pursuing their business objectives. The entire approach towards the development of the society is very scientific and well thought out. In all such endeavors, the benefits should trickle down to as many stakeholders as possible. These CSR initiatives can be implemented in the organization with the help of Human Resource Management (HRM) concepts like Quality of Work Life (QWL), so that manifestation of the concept of CSR can be visualized. This article tries to explore the various aspects of the CSR concept, as well as QWL. It attempts to establish the correlation between CSR and QWL.

This article is conceptual, exploratory in nature and seeks to establish a relation between Corporate Social Responsibility (CSR) and Human Resource Management (HRM). The specific focus is on Quality of Work Life (QWL). There are several definitions for these concepts. One finds broad as well as narrow approaches of the definitions on the magnitude of its applicability.

Corporate(s) in India, as anywhere else in the world, are striving to improve the public image of the business. It is not 'dirty business' any more. Most companies believe in being and becoming good corporate citizens. They see the value of giving back to the community, which contributed to their success. CSR is no longer mere philanthropy. Though still largely voluntary, it is seen as imperative for



sustainable business. There is growing evidence that socially responsible investment by ethical companies brings in higher returns on a long-term basis. CSR and QWL are umbrella concepts, encompassing several themes—philanthropic towards society and charity towards employees. Organizations plough back benefits like owning customers and owning employees, which in a cyclic way fetches rewards to it (Venkatraman S, *The Economic Times*, 2006: 1).

An organization, as a system, can be changed and developed to achieve the goals in the best possible way. Generally, the goals of an organization, ab initio, are: survival, stability, profitability, growth and then service to society.

Definitions of the Concepts

To define CSR, it is the commitment of business to contribute to sustainable economic development, working with employees and their families, the local community and society at large, to improve their quality of life in ways that are both good for business and good for develop-

ment (World Bank, October 2003).

One more approach towards defining CSR is, operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations society has of business.

CSR has been influenced by two major concepts. One is Stakeholder Model, wherein it is recognized that good business practice entails engaging all stakeholders in the company's business.

Stakeholders include authorities, customer groups, business partners such as employees, unions, suppliers, distribution service providers, etc., and external influences, such as community members, media, special interest groups, etc.

The second concept is Triple Bottom Line, where companies would no longer be judged by the conventional single, i.e., financial bottom line but also on their performance in social and environmental bottom lines. Triple bottom line concept measures the overall performance of a company based on its combined contribution to economic prosperity, environmental quality and social capital (*The Economic Times*; March 2006: 1).

QWL is defined as any activity that takes place at every level of an organization, which seeks greater organizational effectiveness through the enhancement of human dignity and growth. It is a process through which the stakeholders in the organization, management, union and employees learn how to work together better to determine for themselves, what action changes and improvements are de-

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sirable and workable in order to achieve the twin and simultaneous goals of an improved quality of life at work for all members of the organization and greater effectiveness for both the organization and the unions.

Richard E Walton had given a much broader concept of QWL proposing eight conceptual categories, i.e., adequate and fair compensation, safe and healthy working conditions, immediate opportunities to use and develop capacities, future opportunities for continued growth and security, social integration in the work organization, constitutionalism, balanced role of work in the total life space and social relevance of work (Flippo EB: 1984, 412).

The terms, CSR and QWL, are complementary and have considerable impact on its internal and micro-external business environment. The domain of application is big and as far as the parameters of both the concepts are concerned, one cannot achieve the same in the short run but the organizations can set these parameters and aim for them.

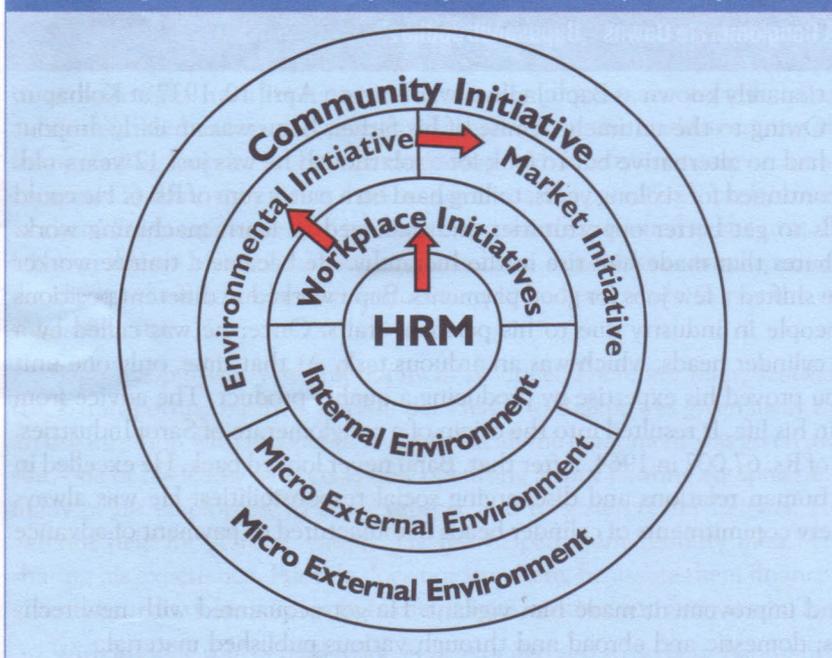
QWL: A Gateway to Implement CSR

Now, the question that arises is how organizations, by adopting narrow views, i.e., starting from small endeavors and by using HRM concepts can go for CSR, which is broader in scope. In a developing nation like India, HRM concepts, especially QWL can be viewed as a subset of CSR. One of the important areas of CSR includes the development of the quality of life of employees, which in turn, envisages the development of the society at large. This process of development can be better achieved through the implementation of QWL. As has been stated, charity begins at home; organizations through QWL can focus on improving the quality of life of people in the organization at their growth stage. Consequently, it can strive towards undertaking social responsibility as improvement in QWL has a positive correlation to improvement in quality of life of people who are the part of society at large.

The approach of these concepts may differ in the light of the economic system. Corporate(s) in developed nations may adopt narrow approaches, since they comply with majority of the issues related to CSR and QWL. These issues are at times difficult to meet in the short run in developing nations.

The organization, at the outset, should implement workplace initiatives, a leading indicator of CSR, inculcated in the internal environment of the organization. As far as workplace initiatives are concerned, besides broad parameters stated in the definition of QWL, a few crite-

Figure: HRM – A Gateway to Corporate Social Responsibility



ria should be taken care of. These include: occupational stress, organizational health programs, alternative work schedule, participative management and control of work, recognition, congenial worker-supervisor relations, adequacy of resources, seniority and merit in promotions, employment on permanent basis, empowerment, etc. After the implementation of QWL, periodic review can be taken for as-

essment along with a step towards the proper implementation of CSR. The focus of organizations in developing nations as far as CSR is concerned should be on basic 'Ps', i.e., Population, Poverty, Primary Health, Primary Education, Pollution Control, Pure Water, etc. (Figure).

CSR Argument

Corporate generally refers to a large company. Does this mean that the

social responsibility only lies with corporates and medium or small-scale units are not required to undertake this responsibility? This statement may be debated and discussed. The dictionary meaning of the word corporate is formal or shared by or whole group and not just of a single member.

It means the group of units in a defined geographic unit may also execute their responsibility towards society by adopting narrow approach.

Conclusion

To imbibe the concept of CSR in the organization, the organization should adopt a focused approach and aim at attaining the various CSR initiatives with the help of different HRM concepts. Specific thrust should be on QWL programs for the manifestation of CSR as it will be effective and efficient as well. The smallest unit of organization at the micro level is the individual employee. Welfare of the employee and his family will serve the purpose of welfare of society also. In a way, this effort would add new dimensions to the CSR. ▶◀



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Annexure I

Case: A Conglomerate Dawns – Bapusaheb Jadhav¹

Parashuram Shankarao Jadhav, affectionately known as Bapu Jadhav, was born on April 10, 1937 at Kolhapur, Maharashtra in a poor mason's family. Owing to the untimely demise of his father, Bapu was an early dropout from school in the fourth standard. He had no alternative but to look for a job though he was just 12-years-old. His first job was of a servant, which he continued for six long years, toiling hard on a paltry sum of Rs. 6. He could recognize the need of developing skills to get better opportunities and managed to learn machining work. Honesty and hard work were the attributes that made him rise in the hierarchy. He became a trainee worker earning a salary of Rs. 40 per month. He shifted a few jobs for good payments. Bapu worked in different positions and established relations with many people in industry due to his personal traits. Once, he was called by a renowned industrialist to manufacture cylinder heads, which was an arduous task. At that time, only one unit was manufacturing cylinder heads. Bapu proved his expertise by producing a quality product. The advice from this industrialist was the turning point in his life. It resulted into the origin of a conglomerate of Saroj Industries. The company was started with the sum of Rs. 67,007 in 1964. After that, Bapu never looked back. He excelled in every sphere he touched, technology, human relations and discharging social responsibilities. He was always ahead of schedule, whether it was delivery commitments of cylinder heads manufactured or payment of advance income tax.

His appetite for constant growth and improvement made him vigilant. He got acquainted with new techniques by visiting technical exhibitions; domestic and abroad and through various published material.

Milestones in his life can be narrated as follows:

- 1975 – Introduced shell molding technology.
- 1977 – Shifted unit to MIDC Area.
- 1979 – Visit to GIF A Germany.
- 1984 – Installed channel type furnace.
- 1986 – Established induction furnace.
- 1995 – Saroj Castings Pvt. Ltd. established.
- 2001 – Sonai Engineering Pvt. Ltd (Machine Shop) set up.

At present, the turnover of the group companies has crossed the limit of Rs. 50 cr.

Bapu has very clear policies based on honesty and quality products. Even recession could not have any effect of the spread of business, as the unit had never given customers an opportunity to complain.

To their credit, Saroj Iron Industries have bagged export orders from companies in the US and UK. His entrepreneurship has been strengthened by interactions with staff and workers to resolve various day-to-day problems in the foundry.

Bapu always rejoices, "We are not big on manpower but the tally of 300 employees of our company are one family. As it is apparent for a family; not to state sharing is common practice whether it is joys or food." One more characteristic of an organization is that there is no positional hierarchy in terms of senior or junior. Politeness and generous approach has enhanced effectiveness of his leadership.

He has been enormously successful in tying the personal bonds between the workers and their families. As a result, they work like a joint family. He is always there for workers in their times of need and despair. The help from him comes spontaneously without quid pro quo.

¹ The case has been prepared on the basis of published documents collected from the authority of M/s. Saroj Iron Industries, MIDC, Shiroli, Kolhapur, Maharashtra, India.

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Annexure I Contd...

This helping attitude of the owner has boosted team spirit and motivated employees to a large extent. Consequently, all the employees work sincerely. Till date, Saroj Iron retains a few employees who have witnessed its growth right from its inception. A few employees accompanied Bapu in his visits to Germany for GIFA exhibition. He has traveled extensively throughout the world spanning almost all the countries owing to his zest for upgrading foundry and machining setup with latest technology. One striking factor in the success trail of the company is that, they never had to advertize for personnel, preference is always given to family members of workers. Fresh employees are preferred who are then trained in the unit. Saroj Group has never faced any kind of labor problem. Meticulous planning has been done for an employee's future. Even if at present Saroj Group decides to close down business, provisions have been made to pay the same salary to all its employees till they superannuate.

Bapu has put win-win philosophy in practice. There are many feathers in his cap and to demonstrate a few, truck-transporting business of Cylinder Heads to Rajkot was given away to his driver. A pattern maker division of an organization with independent shed and all the equipment was given away to an interested employee. Following suit, one of his fellow workers is now operating a shot blasting equipment in MIDC. This is the way he has helped many of his employees, to grow, prosper and to scale greater heights. He has assumed social commitment and extends help for genuine causes. He has helped many foundry men by extending technical assistance, and by sharing his experience. His role does not stop here, he assists them financially too. A persona par excellence, Bapu gives the credit of his success to his employees, mother and friends who have helped him in this onerous endeavor.

With his long trail of hard work, endeavor and zest to do best, Bapusaheb has been recognized by society at large. He is the recipient of prestigious honors for his innovation, quality, honesty and social work. To name a few, FIE Foundation Award, Felicitation Award from Institute of Indian Foundry Men, Karveer Bhushan from Kolhapur Municipal Corporation and Rashtriya Kar Samman and Honest Tax Payer from the Central Government of India.

Despite the laurels he has won and the position he has attained, he makes it a point to arrive at the factory at 10 am, starts his day with a pooja of the deities and the equipment. Then he visits factory plants for inspecting work and has interaction with employees. His sons, Deepak, Ajit and Bharat, are all groomed in his mold and now they are helping him in the expansion of the business.

Annexure II

Case: Corporate Social Responsibility and Work Life – A Case Example from ABN AMRO Bank²

We at ABN AMRO Bank firmly believe in a holistic approach in helping our employee manage their work life. We believe that this is a part of our CSR. An employee with a balanced work life is a happy employee, who is in turn, a more engaged and productive employee. Given below is the whole suite of work life programs we have for our employees:

Pro-family Programs

As a Family Life Ambassador, we encourage our employees to strike a balance between work and family. We organize talks on shared parenting, improving family harmony through Feng Shui and handling stress during examinations. We also endorsed the eat with family day every year. One of the highlights is bring your child to work. Our annual Family Day also allows our employees to take time off from work and spend quality time with their family and colleagues. In addition, we provide the following pro-family benefits:

❖ **Pro-family Leave**

- ♦ Maternity Leave,
- ♦ Paternity Leave,

² www.crsingapore.org/csrstories/ABN_AMRO_worklife.pdf, August 31, 2006, on ISIOhrs.

Contd...

Annexure II Contd...

- ♦ Child Care Leave,
- ♦ Family Leave,
- ♦ Marriage Leave,
- ♦ Compassionate / Bereavement Leave,
- ♦ Adoptive Leave, and
- ♦ Unpaid / Sabbatical Leave.

❖ **New Born Wellness**

To encourage and celebrate procreation; ABN AMRO Bank's, New Born Wellness Benefit provides a one-time sum of S\$700 per delivery. In addition, employees will be entitled to \$80 worth of gift vouchers, a teddy bear and a romper.

❖ **Flexi-working Hours**

To enable employees to cope with their family commitments and work, employees can opt for flexi work hours.

❖ **Insurance Protection**

We also offer our employees peace of mind while they work with us. Through generous insurance protection programs like 24-hours worldwide, life, personal accident and business travel insurance coverage, we offer financial assistance to dependants of our staff in unfortunate events.

❖ **Staff Loans**

Our comprehensive suite of staff loans, like housing, vehicle, personal and renovation loans at preferential rates is another way the bank provides financial assistance to its staff.

❖ **Wellness Opportunity**

The purpose of this program is to encourage employees to adopt a balanced work life. Employees received S\$ 1,000 (gross) cash for the year 2005 to spend on any other work life programs they wish for but is not organized at the company level, e.g., to attend a cooking/baking course, spa treatments, family vacation, etc.

Health is Wealth Programs

We run many intervention activities to help our employees stay healthy. Some of which are:

❖ **Daily Exercise Classes**

ABN AMRO arranges daily exercise classes ranging from martial arts, mind/body, dance and cardio classes for employees to exercise. These classes are held from Monday to Thursday after work for an hour.

❖ **Monthly Talks and Workshops on Health-related Issues**

We invite speakers from various specialized fields to share their knowledge on relevant health-related issues. Some examples are: stress management, coronary heart disease and anti-smoking exhibitions/smoking cessation programs.

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❖ **Sports Teams**

To encourage a healthy lifestyle, we also have six types of sports, where staff can participate over the weekends. These are dragon-boating, bowling, pool, soccer, badminton and athletics.

❖ **Executive Health Screening**

As part of the total health care program, all employees are entitled to the executive health screening.

❖ **Dental Benefit**

A maximum of \$300 are reimbursable per staff and family for each calendar year.

❖ **Optical Benefit**

A maximum of \$300 is reimbursable per staff and family in each calendar year.

Medical Programs❖ **Medical Coverage**

Employees and their spouses and children are covered under our comprehensive outpatient and group hospital and surgical insurance.

❖ **Medical/Hospitalization Leave**

The bank grants medical leave up to an extensive period of 30 days per annum or 60 days per annum if a hospital stay is involved.

❖ **Prolonged Illness Care**

If medical and hospitalization leaves have been exhausted, prolonged illness care which provides further extended absence of 12 months at full (first 6 months) and half pay (subsequent 6 months) will be provided.

❖ **Wellness Dollar Account**

In rewarding employees who manage their outpatient limit well, 20% of the unused limit may be carried forward to the following year to be used to purchase health-related items.

Social-recreational Activities

We believe that one must work hard and play hard too. The bank has in place a Social Recreation Club (SRC) that organizes all sorts of social and recreational activities for staff, e.g., movie screening, retreat, karaoke competition, getaways and the annual dinner and dance.

Training and Development

The bank firmly believes in developing and upgrading the skills of our employees through learning opportunities. Towards this end, staff is nominated to attend all sorts of training programs internally, externally, locally and overseas at both the personal, professional and academic level. In addition, we grant five days examination leave to enable staff to upgrade themselves.

Community Involvement

We also encourage and help our employees in their passion and pursuits to contribute to society. Under the Bank's Sustainable Development programs, we partner our employees in their spirit of volunteerism and helping society. As a token of appreciation, the bank gives to its employees one day's paid volunteer leave per year.

Reference # 12M-2010-04-04-01