IIM Calcutta, 63rd Foundation Day
November 14th, 2023

Honorable Chief Guest Shri Sudheesh Venkatesh, Distinguished Alumnus awardees, honorable guests, Members of the Board of Governors of IIM Calcutta, Director in-charge Prof. Sahadeb Sarkar, members of the IIM Calcutta faculty, Staff, students and all those who are joining this session online via the internet. My pranams to all of you.

Over the past few days, I have been weighed down in thinking about what would be an appropriate topic for an annual day talk. Given that the organizers have allocated to me a quota of 10 minutes further compounded the challenge of wanting to make the talk relevant and contemporary. The topic I have chosen today is in my view pertinent and is impacted by forces that operate in the realm of human psychology. It would be incorrect on my part to want to dole out advice, but surely you will allow me to share my views based on my experiences? And of course you are allowed to discount my views at a discount rate of your choosing. The last thing on my mind is to stir up a controversy – for then the messenger would be shot and the message will be lost.

For as long as organizations have existed – the elephant in the room has been the exploration of the fundamentals that drive the relationship between the employee and the employer. I wish to try and unpack some of the layers of this important relationship and try and dive to the core.

All organizations want talented people who deliver results. The human beings who work for an organization range from fresh recruits to seniors who are about to retire. And these humans conform to an organization structure based on their abilities and skills. So for me the key words are human beings, talent (which is nothing but abilities and skills) and results. We will all agree that it is a set of motivated employees who are capable of delivering the best results. If so, then the fair question is – what factors motivate employees? These could be different for different employees, but some factors are universal. As I dived into these issues, I wondered if it is possible to articulate in a nutshell the obligations of all the human beings who make up an organization – whether they are owners or they are employees. If we could, then I would have done my duty to all of you – who are leaders and potential leaders!

Many years ago as a young 17 year old who was selected by the National Defense Academy – NDA selection Board, I had stumbled upon the motto inscribed in the Chetwode Hall of the Indian Military Academy at Dehradun – and ever since, although not a member of the Indian Armed Forces, I have applied this to all my professional and personal endeavors. Allow me to borrow the Chetwode motto, which reads as follows:

"*The safety honour and welfare of your country come first always and every time.*

The honour welfare and comfort of the men you command come next.

Your own ease comfort and safety come last always and every time."

For those of us, who are in civilian life and work for organizations, in the above motto we can substitute "country", with "organization", "men" with "employees" and "command", with "lead". Now re-read the motto:

"*The safety honour and welfare of your organization come first always and every time.*

The honour welfare and comfort of the employees you lead come next.

Your own ease comfort and safety come last always and every time."

Just a word on our Armed Forces before I go to my topic. Notwithstanding the raw valour of our Armed Forces – the adherence to this motto through the chain of command is also a factor in their ability for sustained motivation leading to extraordinary acts of valour and sacrifice – both in peace and in war. As is the lesser known fact – which is key – that they have never been tasked to wage an unrighteous and unethical war.

If this motto was adhered to by every employee in an organization or an institute – from the Chairperson, Managing Director to the fresh trainee, can you imagine the synergy and motivation levels? It would be worth your while to remember this motto and in the privacy of your hearts you can check and validate for yourselves the various levels of the organizations you work for and see for yourself the adherence or lack of it. But – check yourself first, before you check others. Check if the goals set for you, or by you, are unethical or unrighteous. They become unethical if your effort is not suitably recognized and they are unrighteous if you are not suitably equipped to achieve those goals. These are serious matters that assail the hearts of every employee, at every level in every organization and institute.

But let me not leave you with this – let me push the envelope a bit more using my own experiences. Over the years, as I progressed from a trainee to Managing Director and then Chairperson, I found myself considering the following motivation factors to be more critical than others:

1. <u>Money and compensation</u> – this is surely a very important motivator. But please note this – if only a few in the organization were to corner the bulk of the compensation and increments, will it enhance trust? Today's situation in many blue chip organizations – is such that the top rung leaders take home unethically large compensations, while the bulk of employees are left with compensations and increments that do not even cover inflationary forces.

Furthermore, such organizations then resort to declaring statistics for shareholders which try to claim e.g. – average compensation rose by 8% year on year. Although the above statistics is factual and correct, the reality is hidden. Statistics are like the "Devil quoting the scriptures" – do you get my drift? If you go into the details, you will see that the bulk of the increase is generally cornered by the high compensation employees – leaving a vast majority with negligible or 0% increments. Is this ethical? Can employees feel motivated in a situation like this? A sea of mistrust is the result. Shouldn't there be an attempt towards a more equitable distribution of wealth? Furthermore, how important do you think are effective communications and selfless intentions to winning trust? It is the duty of a leader to effectively communicate – it is unwise to delegate such critical communications. But, what when leaders are unable to communicate effectively? In my experience, a leader's inability to communicate effectively is always driven by situations where the leader is compelled to communicate views contrary to his own conscience.

2. <u>Knowing the purpose of your work</u> – this is another key motivator. Is this knowledge sufficient? No it isn't. This is because, knowing the purpose of your work further unleashes questions in the heart of every employee – questions such as: "are your goals ethical and righteous?" As per my experience – the goals an organization or a leader sets for its employees are ethical if the organization recognizes the work and compensates the employee honestly for the same. These goals are righteous if the employees are suitably empowered and equipped to achieve them e.g. with regular training and skill upgradation opportunities, adequate budgets, resources etc. This combination of ethical and righteous applies to employees at all levels – from the trainee to the Managing Director and Chairperson. Organizations that set unethical and unrighteous goals progressively find it difficult to treat their employees in a righteous manner. Course correction becomes imperative for such organizations to be sustainable.

3. <u>Fair and just appraisal systems</u>. This is another critical motivator. Appraisal systems that use mathematical techniques to artificially fix quotas so that variable pays promised to employees for above par performance can be made to adhere to business plan budgets are inherently unethical. It is not my intention for a moment to suggest that business plan budgets must not be adhered to. The stress is on "fair and just appraisal" and therefore budgets that adequately provide for this fairness. Organizations whose business models use mathematical techniques to artificially fix performance quotas will over time realize that unknowingly they have encouraged men and women who are adept at ignoring their internal policeman. In my experience, such men and women tend to be insecure and it will be their nature to place their own ease comfort and safety first always and every time – at the cost of their teams. And when a time comes when they can no longer continue this act – they leave the organization and move to another pasture. Are such people truly leaders or are they just adept manipulators? Unbelievably such leaders are in demand. Why? It beats me!

4. <u>Do the leaders walk their talk</u>? In my experience, employees are like children – they can smell hypocrisy. Leaders who remember the challenges they faced when they were lower in the hierarchy, and those who after they have risen in organizational hierarchy do everything to gain contemporary knowledge of the challenges that are faced by their teams, are the ones who can "walk their talk", and it is such leaders that organizations and teams trust and follow.

5. <u>The recruitment process</u>. It may not be evident but how an organization recruits its employees says a lot about it. Recruitment is the gateway. This is the process by which you select those who will join your family. Transparency of process, dignity of the applicant and adherence to your organizational promises made at the time of recruitment are for me the key words. No one likes it when they find out that their lack of organizational knowledge at the time of recruitment was used to deny them their honest due. Further, once an organization selects a person – the success or failure of that person is also the responsibility of the organization and the team to which the new person belongs. I urge you to review the motto articulated earlier and you will see clearly that this responsibility is also of the organization.

A nation's economy is built up of Institutions and Organizations – they are the backbone. Therefore, even in the face of uncertainties which can be driven by changing competitive landscapes, advances in technology, and increased customer skills – it is the sacred duty of institutions and organizations (public and private) to ensure that they safeguard the honour welfare and comfort of all the human beings who work for them. It was in post-World War 2 Japan that this philosophy of human engagement was so effectively used to rebuild a broken nation. Building a nation is hard work. It requires high productivity which requires working long hours – working over and beyond stipulated hours. This over and beyond has a name – it is called overtime work. In Japan this overtime was honestly compensated. Further, organizations took care that no one person took the load. The entire team including the leaders shared the load in a manner that no one was unduly loaded for unduly long periods. Employees logged in serious overtime but the load was cycled across employees and teams. As India grows economically – should organizations in India contemplate this? In my experience, this duty, this effort, it goes beyond any one organization. This effort is a continuous balancing act where the organization – its leaders and employees, its shareholders and its stakeholders must consciously and continuously strike a balance between revenue growth, management control and profits. The entire industry eco-system must do this. But the change must and always starts with one organization and her WILL to protect the honour welfare and comfort of the human beings they employ. This may not be immediately evident in a sellers' market – as is the case with many of the Indian IT companies – which have operated till now in practically a sellers' market – due to an almost unending supply of cheap labour. But, as markets mature – for various reasons – from a sellers' market to a buyers' market – what your customers feel today, your employees will feel tomorrow and what your employees feel tomorrow, your shareholders will feel thereafter. It is a matter of time.

Thank you for your patience to allow me to share my experience and views adequately. Let me leave you to identify for yourself what are those factors that you think can increase employee productivity in a sustained manner. The key is "sustained" high productivity. And from there try and analyse for yourself what are the limits of a motivated employee. And what must organizations do to safeguard these limits.

As there is never any harm in repeating good things, let me assert again: The need for incorporating Human values in management is being acutely felt by humanity today – more than ever before! IIM Calcutta should be a global leader in filling this gap.

JAI HIND