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Cost of Employee Loyalty

Employee loyalty is often confused with employee turnover rate. This is far from the truth. Employee turnover rate in governmental organizations is low. Research shows that two-thirds of government employees do not feel committed to their organizations. Increasing employee training and emphasizing ethical conduct among managers and senior management will lead to more employee loyalty. The way the employees are treated translates into how hard they work for the organization. Employee benefits like health insurance and stock options are positively correlated to employee loyalty. The quality of employees and their loyalty are two important factors that influence the success of the organization over the long term. According to Timothy Keiningham and Larzan Aksoy, disloyalty is a two-way street. When people are being downsized, other people leave too. They become disloyal, but then they would argue that the organization has been disloyal too. No CEO wants to lay off their employees. Cost benefits accrued by layoffs will be far less than the loss of confidence in employees. Prof. Benjamin Schneider, University of Maryland, has shown conclusively that the employees' loyalty-related attitude precedes a firm's financial and market performance.

The key to employee loyalty is trust and a feeling of being valued and respected. The other important factor is the significance and importance that the job has on the larger enterprise. Loss of loyalty is often the result of lack of corporate culture of integrity, transparency and predictability. Disloyal employees are likely to seek jobs elsewhere and they may indulge in counterproductive behaviors such as theft and sabotage. Employees tend to be more loyal to employers when they perceive that the job is valuable, that the company is well respected and has a reputation for treating their people well.

According to Stephanie Jones and Riham Hamdy Moawad, who have contributed to this issue, there are direct costs linked to turnover, including recruiting replacement staff, as well as indirect costs involved in training new staff. There is also the cost of being understaffed: this can eventually lead to loss of customers due to lack of availability of staff, resulting in lower quality of products and services. The authors have taken a theoretical and practical view of the situation in their paper. The hierarchy of needs, the ERG theory, the equity theory, the three needs theory and the job characteristics model are also discussed in the paper.

Ronald J Burke and Prabudyal Singh opine, in their paper, that employee disloyalty is exhibited in one's negative comments and attitudes about one's colleagues and organization, low quantity and quality of job performance, and high levels of withdrawal behaviors such as absenteeism, tardiness and turnover; on the other hand, a healthy and loyal workforce is likely to be associated with a healthy, effective and successful organization. The paper also focuses on work hours and their effects, organizational values, demographic and work situation characteristics, career and family priority, work motivations, work investments, work and wellbeing outcomes, and so on. The study indicates that values play a vital role in employee loyalty.

Bob Murray explains that employee loyalty is more to employee's immediate work circle rather than to the employer. He says that employee loyalty to companies or firms is rapidly declining. Basing his arguments on loyalty on neurogenetic studies, he avers that in the wild, neither humans nor monkeys survive long in isolation; protection lies in the mutual loyalty of the band, pack or tribe. Similarly, those companies that inspire the highest level of staff loyalty, such as Southwest Airlines, have the greatest level of inclusion and transparency. Enterprises which have fewest mass layoffs attract more employee loyalty. His advice is: "Be lean with fewer changes". He points out that large and even medium-sized enterprises throughout the world are engaged in what he calls "race to the bottom", i.e., they are determined to run their firms and companies using the fewest possible number of people, while trying to capture the largest market share. This truly is a dream.

GRK Murty traces, in his paper, the amazing achievements of Indian Space Research Organization (ISRO)—the latest being its highly successful Mars Orbiter Mission, also called Mangalyaan—and analyzes the underlying reasons for such high success rate and the leadership lessons it entails.

The issue also includes exclusive interviews on the topic of employee loyalty with a few experts in the field: Christoph Stückelberger, Emily Bianchi, Alex Bennet, David Bennet and Chris P Long.

Nagendra V Chowdary
Consulting Editor

Coaching by Sustainable Innovational Values (CSIV): The 40-30-30 Tri-Intersectional Model of Values

João Brillo*, Simon Dolan and Kristine Marin Kawamura*****

We live in a world that is constantly changing and transforming. Some believe that strategic planning and scenario building are almost impossible in this kind of context (Mintzberg 1994; and Dolan *et al.,* 2003). Yet, in order to survive, organizations need to constantly innovate and renovate. In this paper, we argue that using the 40-30-30 tri-intersectional model of values that underlie the Managing and Coaching by Values model (Dolan *et al.,* 2006; and Dolan, 2011)—with its three essential axes (economic-pragmatic, ethical-social, and emotional-developmental) as a perpetual process for alignment and realignment—can lead to sustainable innovation in organizations. We also derive a "Coaching by Sustainable Innovational Values" model as a platform for use in motivating people and organizations to more precisely identify future scenarios while also developing competencies to address just-in-time events and to provide alternative 'backup' scenarios.

Introduction

Innovation has become a popular buzzword in management. It can simply be defined as the process for re-creating the old and creating the new. It is almost impossible to identify leaders and organization nowadays that do not consider innovation in their strategies. One of the reasons that many of these strategies fail is that managers

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talk about innovation but do not walk the genuine innovational path. One of the newest innovation strategies for firms, today, is to adopt an open innovation approach. According to Chesbrough (2003), innovation is effective when organizations really open up their innovation process and development of new products and services to external actors such as scientists, suppliers, and customers, while also adapting common tools to integrate end-users in the generation of creative sustainability ideas, concepts and prototypes. The main advantages of these practices are expanding the level and number of new creative ideas, thinking 'out-of-the-box', tailoring products to latent needs and wants, and reducing the risks of market failures.

Coaching by Sustainable Innovational Values (hereafter CSIV) is presented as a leadership tool to deal with open innovation environments, which helps leaders, managers, and their organizations face the many management challenges of the 21st century. Given the number of simultaneous transformations and challenges occurring around the world (i.e., the growing global population, an increasing level of migration and mega cities, a constant search for new ways of creating a decent life, the energy crisis, infrastructure collapses, the growing global divide, comprehensive access to education, and the 'metaverse' and singularity of virtual reality (Raich and Dolan, 2008), we argue that managers and leaders—and all organizational members, in fact—need to abandon old paradigms and develop new ones for the sake of our survival and the survival of future generations (Raich *et al.,* 2014).

The Open Sustainable Innovation Approach Demands a New Leadership Model

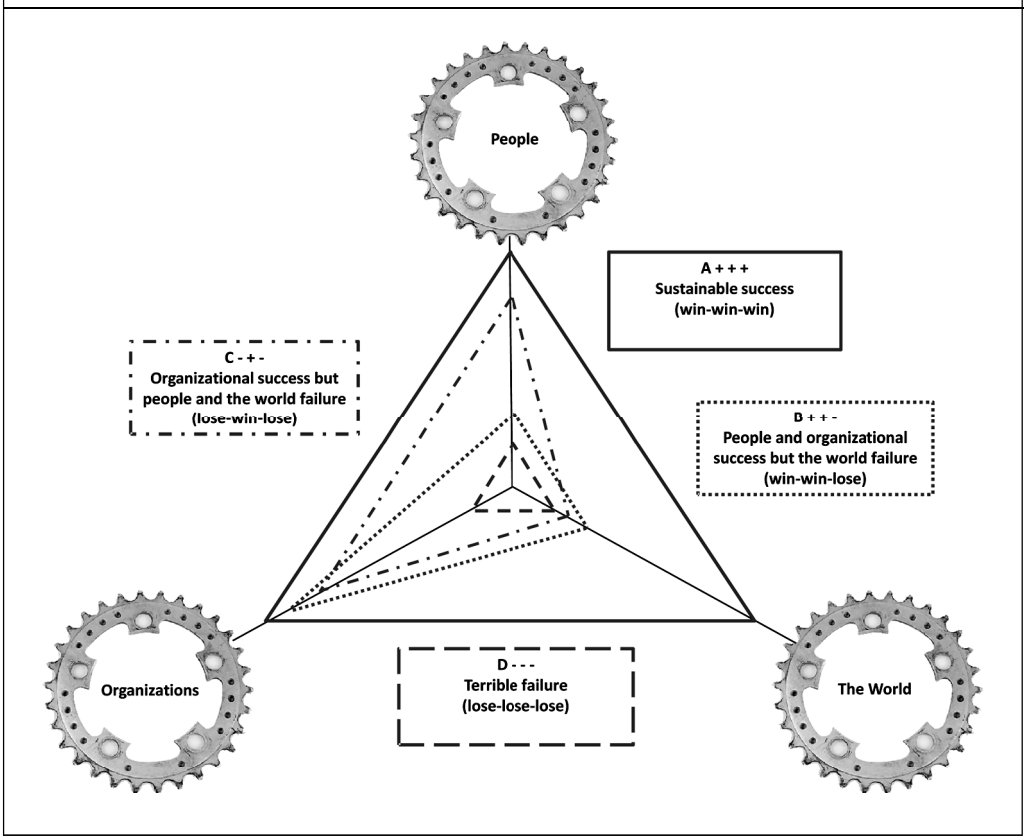
The CSIV 40-30-30 tri-intersectional model of values is an extension and elaboration of both the 'Managing by Values' (Dolan *et al.,* 2006) and the 'Coaching by Values' concepts (Dolan, 2011). In order to help leaders and managers create a sustainable innovative environment, we propose some principal scenarios within the framework of the three-dimensional definition of CSIV incorporating People, Organization, and The World. Exhibit 1 provides a schematic presentation of the proposed model.

Scenario D represents a lose-lose-lose situation, which is fast becoming a real potential because, simultaneously, our new world is becoming increasingly global and complex and we now have the possibility to destroy our civilization (Dolan and Raich, 2013). Scenario C occurs when only organizations win, mainly due to an absence of empathy that originates from the capacity to treat people in the same way you want them to treat you (Matthew, 7:12). Scenario B is a problematic zone, one in which organizations and people win but the world loses—any such wins are not complete because even though both parties win, they do not care about Heaven and Earth (Sun Tzu, circa 500 BC). Scenario A represents a win-win-win situation and is a fertile environment for sustainable innovation—and the scenario in which CSIV may be considered a useful tool.

The CSIV 40-30-30 Tri-Intersectional Model of Values

The tri-axial model may be used as the foundation for developing organization culture (Dolan *et al.,* 2006). It suggests that central values, goals, and strategic objectives be circumscribed within the triangle that is formed by the following three complementary yet orthogonal axes: economic-pragmatic, ethical-social, and emotional-developmental. Economic-pragmatic values are a set of values related to the criteria of efficiency, industriousness, performance standards, and discipline. These values guide the planning, quality assurance, and accounting activities in

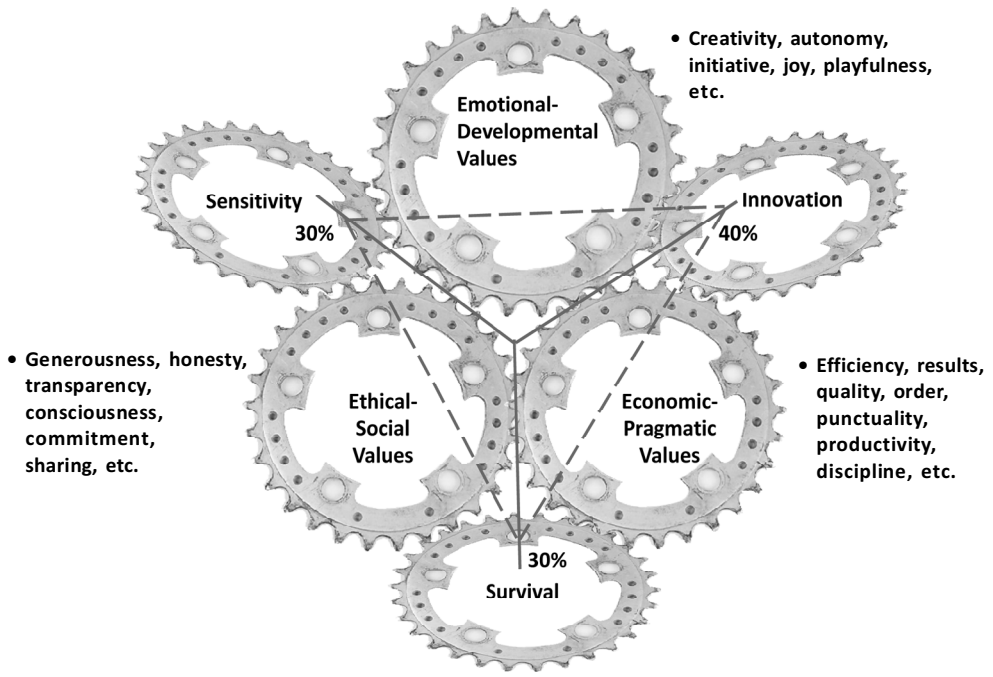
Exhibit 1: A Three-Dimensional CSIV Model and the Principal Predictable Scenarios



organizations: they are necessary in order to maintain and unify various organizational subsystems. Ethical-social values represent the way people behave in groups guided by ethical values shared by members of a particular group. These values come from conventions or beliefs about how people should behave in public, at work and in their relationships; they are associated with values such as honesty, consistency, respect and loyalty, among others. These values are manifested by actions more than words. Emotional-developmental values are essential in creating new opportunities for action. These values are related to intrinsic motivation which moves people to believe in a cause. Optimism, passion, energy, freedom and happiness are some examples of these values; without them, people would be unable to make firm commitments or be creative. Therefore, when designing an organizational culture, it is essential that people are able to do what they do best in their jobs.

The CSIV 40-30-30 tri-intersectional model of values describes a perpetual process for alignment and realignment of the three axes (economic-pragmatic, ethical-social, and emotional-developmental) at their points of intersection, which allows managers and leaders to focus on developing sustainable innovation processes in their organizations. Exhibit 2 shows the points of intersection between the 3Es: the intersection of the emotional-development axis and the economic-pragmatic axis leads to greater

Exhibit 2: CSIV 40-30-30 Tri-Intersectional Model of Values



innovation; the economic-pragmatic axis and the social-ethical intersection enhances survival (after all, when a big ethical or social scandal arises, the survival of the firm is at stake); and the intersection of the ethical-development axis with the emotional-developmental axis increases sensitivity and makes the organization more humane and more socially responsible.

The following examples illustrate these linkages:

Innovation

A company that experiences emotional-developmental/economic-pragmatic values has the ability to nurture ideas and turn them into commercial reality. Royal Dutch Shell, for example, launched Game Changer, a global open innovation program, about 15 years ago. They used it to invite ideas from all their employees as well as a plethora of outside sources in order to test the technical and commercial viability of ideas that may be quickly and affordably implemented. The program has generated over 1,500 innovators and turned more than 100 ideas into reality. Some of these include the revolutionary idea of cooling natural gas to liquid at sea and the ingenious idea to more efficiently harness the power of the sun, in the process of oil extraction, by housing the equipment in a giant glasshouse.

Sensitivity

Should the business leaders care about spirituality? ESADE Business School was founded by Jesuits, and IESE Business School was founded by the Opus Dei movement. The two business schools were created on the basis of religiously-based ethical-social responsibility. They are inspired by the spiritual values of the founders and are supported by sound management practices. The result is that both climbed to become leading

global business schools; they are ranked systematically at the top 20 in the world (for more, see Dolan *et al.*, 2014).

Survival

Not only organizations but people too can create innovations at the apex of the economic-pragmatic and ethical-social axes that enhance sustainability. Coming from a poor family in India, Arunachalam Muruganantham revolutionized the sanitary pad in South India by inventing a machine that creates cheap sanitary towels for rural women in India. During his years of research and frustrated outcomes, he never gave up. His proudest moment came from helping the girls in the village to go to school after centuries of being required to stay home during their menstruation periods. This innovation made life more sustainable for girls as well as their families and communities and also enhanced the wellbeing index per capita in India.

The Core Competencies Focus On Innovational Values and Organization Culture

Some organizational strategies emphasize the importance of core innovational competencies (Breen and Hamel, 2007) as a guarantee for sustaining firm success. Results on the application of the tri-axial values model show that the demands for competencies that are symmetric to these values have strong predominance of economic-pragmatic competencies (75% compared to an average of 59%), while ethical-social competencies stay on average (Brillo and Cosenza, 2013). Thus, special attention is required for developing the emotional-developmental competencies (42%), which are rated lower in many organizations. By contrast, we argue that raising the percentage of the latter can enhance the competencies that are needed to lead and champion innovation, which are also critical factors that lead to sustainable firm success. In the 3Es application, the following competencies are proposed to be core innovational values, which, in turn, lead to stronger, more innovative firm cultures:

Self-Motivation

Maintain a high level of commitment and pride, and feel as an integral part of the organization and of its results. Give your best while on duty, transmitting energy and disposition to people. Take care of the organization's things as if they were your own. Maintain motivation when facing frustration.

Constant Improvement

Seek for references on excellence, identify opportunities for improvement and put them into practice. Question the status quo, and put forward innovative solutions in the process. Take on new challenges and be ready to face them at any time.

Self-Development

Take on oneself the initiative for the refinement of one's knowledge with respect to knowledge that is related to the work. Show a positive disposition toward the learning of new topics to be applied on the job and to be shared with other people. Seek constant feedback related to professional upgrading and refinement.

The work of innovational coaches is to bring out the great in people in a way that honors their integrity and encourages them to work actively toward making tangible transformations. We argue that they must have the following core competencies to perform effectively the CSIV 40-30-30 tri-intersectional model of values:

Relationship and Co-Creation

Build a relationship of respect and trust with the people and create an equal and synergistic partnership with them. Listen actively and provide support to people's attempts at self-

expression. Keep in touch with your own intuition, centered on people's needs, and co-create an agenda of exciting experiences, developing a fun work space.

Questions and Stretching

Help people through asking powerful questions that provoke curiosity, insight, discovery, and actions. Build together different perspectives to reframe people's experience and communication skills, mainly in detecting obvious things. Make them aware of incongruence between their thoughts, emotions, and actions. Support people to grow their self-awareness while stretching them for breakthroughs.

Values and Goals

Work with people to arouse their positive passion aligned with innovational values and help them to become aware of them. Co-create SMART (Stretching, Measurable, Achievable, Realistic and Time-bound) goals. Help people to develop an appropriate, measurable action plan with their initiatives and target dates.

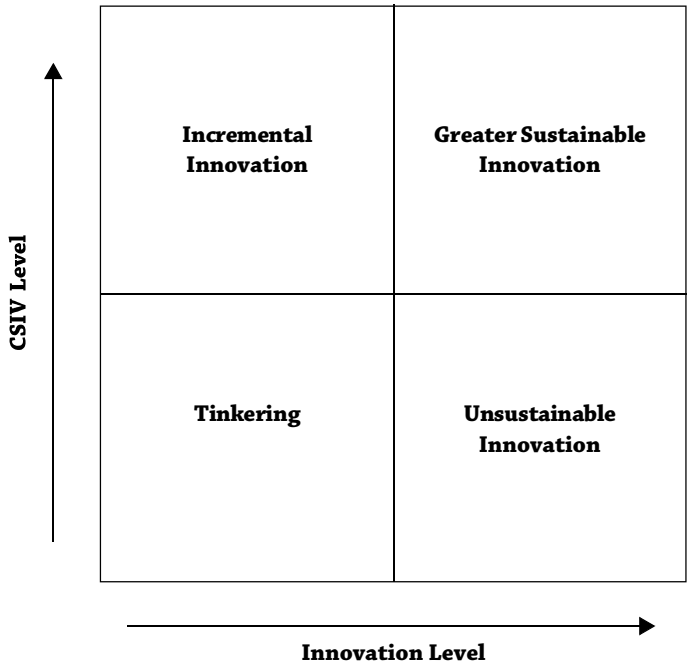
The CSIV's Quadrants

More and more research as well as our consulting experience suggest that the underlying meta value of CSIV is trust. In the past, organizational leaders applied an old paradigm that said: "Trust is good but control is better." Today, we propose to use a new paradigm where we should insist on saying: "Control is good but trust is much better." We are still progressing from a dominance culture to a virtual culture at an accelerated rate, and the older success stories about effective management practices will no longer be valid. Our MBA students have gotten used to jokes about managers that fail while still insisting on heavily using command-and-control systems. The typical example of controlling people is the modern turnstile, which guarantees the physical presence of employees but does not integrate their minds and the souls in their work. According to the Management by Values philosophy, the successful leader in 'tomorrowland' is the one that can obtain the commitment of their followers by sharing their values and ensuring that they are aligned with the strategic objectives of the firm. The sharing of values guarantees that the minds and souls of employees are committed as much as—if not more—than their physical presence. Moreover, values represent something constant while everything else might be changing. So values are the DNA on which to focus, hence they are the ingredients for sustainability.

In order to develop CSIV as a co-creation process, we propose to adapt the DART model of Prahalad and Ramaswang (2004). D stands for Dialog, which encourages knowledge sharing and improves the understanding between coaches and people, giving them the opportunity to interject their point of view about the innovation process. A stands for Access to knowledge, tools, and expertise which helps people construct their own experience outcomes, broadening their views of innovational opportunities. R stands for Risk sharing, meaning that the co-creators of innovation are responsible for dealing with both success and the risks of failure and overcoming any associated frustrations. T stands for Transparency of information in the interactions, which is fundamental to enhancing people participation and building trust between employees and their coaches. Exhibit 3 shows the CSIV 40-30-30 tri-intersectional model quadrants.

The *Tinkering* quadrant tends to be uninteresting because there is no driving cause for innovation, here. The *Incremental Innovation* quadrant is related to curiosity-driven search and does not utilize the foundational knowledge of CSIV and thus does not lead to breakthrough innovation. The *Unsustainable Innovation* quadrant

Exhibit 3: CSIV's Quadrants



aims at finding a solution to meet pressing market needs, and depicts no interest in applying CSIV foundational values. Finally, the *Greater Sustainable Innovation* quadrant represents new creative sustainable ideas, 'out-of-the-box' thinking, and the tailoring of great products and services that serve latent market needs and wants.

Conclusion

The CSIV model is a strategic leadership tool that helps leaders, managers, and organizations successfully deal with open innovation environments and face the numerous significant management challenges of the 21st century. A critical success factor of CSIV is the development of an open innovation environment and management approach where we must both 'talk innovation' and walk its innovational paths. An open innovation approach is effective when leaders expand the sourcing of ideas and innovation practices beyond the walls of their organizations while also integrating the inputs of employees and end-users. In theory, everyone in an organization can become an innovative coach, helping colleagues or team to define (SMART) innovational goals and move toward their effective and efficient fulfillment. For this to happen, we must develop core competencies that focus on defining and employing innovational values and building an innovative organizational culture that enables a firm to recreate the old and create the new while meeting the constantly changing and transformative needs of the firm. Finally, we would like to invite everyone who has positive passion for creating and implementing sustainable innovation to participate in the development, implementation, and improvement of this tool.

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Cost of Employee Loyalty†

Employee loyalty is still the Holy Grail for employee performance, and gaining and keeping loyal employees is increasingly recognized as the key to business growth. So what does it all mean and how can we achieve it?

Christoph Stückelberger: Loyalty means faithfulness to the responsibilities given and commitments made and the respect of superiors in all sectors of professional, political or private relations. Loyalty is key for trust between employer and employee. Trust is built on reliability, keeping promises, performance and transparent communication. But trust is built on reciprocity in the relation. An employer cannot build trust and expect loyalty if he/she does not keep promises towards the employee or breaks rules or dismisses persons without justification.

Emily Bianchi: Loyalty can be gained in many different ways. One is by figuring out ways to make employees feel valued and respected. Another is by allowing them to see the significance and importance their job has to the larger enterprise. Another way is to make sure that the processes used to make decisions are fair and transparent.

"Loss of employee loyalty is a big hidden cost of business". Your comments?

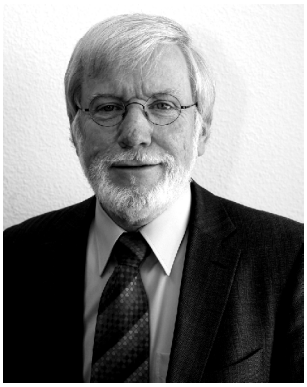
Christoph Stückelberger: Loss of loyalty is often the result of lack of corporate culture of integrity, transparency and predictability. Employees start to get an inner distance to their employer institution if they discover that corruption rules, or promises are not kept or they cannot identify themselves with the product. For example, the degradation of the environment by a company leads to a decrease in the commitment of an environmentally engaged employee of that company and can lead to lack of loyalty as a result. Lack of loyalty leads to reputation risks of the employer and the company/institution, less productivity and efficiency and therefore is a clear and substantial cost of business.

Emily Bianchi: Lack of employee loyalty can have all sorts of adverse effects on organizations. When employees do not feel loyal and committed to the organization, they are more likely to seek other jobs, they are more likely to engage in counterproductive behaviors such as theft and sabotage, and they are less likely to help the organization improve its processes and products.

What are the factors that directly and indirectly influence employee loyalty?

Christoph Stückelberger: The main factor is the corporate culture: the goals, values and mission of the company/institution so that the employee can be proud to serve the common goals. If this identification with the goals and the product of the company/institution is not strong, leaders try to compensate by a culture of fear, repression and sanctions. But this is not sustainable. Loyalty is then only based on fear and not on sharing values and convictions. It leads to leaks like wikileaks, unrest and conflicts. This vicious circle has to be transformed into a virtuous circle. A culture of fear, silencing and oppression has to be transformed into a culture of trust, respect, transparency and commitment. The financial remuneration is only one factor of employee satisfaction at the

† The interview was conducted by Ivaturi Murali Krishna, Research Associate, IUP Publications.



Christoph Stückelberger (born 1951) is the Founder and Executive Director of the global network on ethics Globethics.net Foundation, based in Geneva, Switzerland. He is Professor of Ethics at the University of Basel. His main fields of research are economic/business ethics, finance ethics, political ethics, development ethics and environmental ethics. He is regularly guest professor in developing countries (mainly Africa and Asia). He published, as author and editor, many books and hundreds of articles on applied ethics, in seven languages, among others on responsible leadership, global trade ethics, peace ethics, consumer ethics, work ethics, corruption, interreligious ethics, technology ethics, development ethics, fundamental values and bioethics. He was founder and president of Transparency International Switzerland, member of the Commission for International Cooperation of the Swiss Government, member of the Swiss Ethics Committee on Non-Human Biotechnology of the Swiss Government, director of the Development Organization "Bread for All", president of an international microfinance institution working in 30 developing countries, member and consultant of various ethics committees of Swiss Banks and international companies and member of Boards of Ethics Centers.

workplace. Equally important is the social climate—the human relations and the identification with the goals and the reputation of the company in society.

Emily Bianchi: Employees tend to be more loyal to employers when they perceive that the job is valuable, that the company is well respected and has a reputation for treating its people well. Other factors that affect loyalty are pay, benefits, ability to be promoted. People also tend to be more loyal to organizations that treat them well and when the processes used to make decisions are fair and equitable.

Do you think that the interaction between different types of employees influences firm culture and performance?

Christoph Stückelberger: Sure. Most important is first the example of the 'boss'. Responsible leadership means to be a servant leader, working hard for the wellbeing of the company, the employees and the society, therefore all the stakeholders. A leader who works only for his/her self-interest or the interest of the shareholder, cannot create a culture of loyalty and commitment.

Lack of loyalty between employees is often the result of a culture of internal competition. This internal competition is good to stimulate performance, but it should always be linked to the values and goals of the company and not only to the financial performance. Otherwise, it destroys the community of the employees and makes everybody the enemy and the competitor of everybody.

What effect do human resource practices have on employee commitment?

Christoph Stückelberger: Of course they have a great effect. As the founder and director of the non-profit foundation Globethics.net, a global network on ethics, I often get applications from highly qualified persons who are ready to be employed with a substantially lower salary than they had before in the for-profit sector, e.g., as banker or trader, but they say "I am now looking for a



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job which is meaningful, I can be committed and find an enthusiastic team even if I get less money." But this is the answer of persons with already a satisfactory minimum material security.

Emily Bianchi: A huge effect. Human resource practices are the key components in determining whether employees feel that they are treated fairly, that outcomes are fairly distributed among employees, and that the organizations respect and value their input.

Employees increasingly expect to get more out of their jobs and are willing to walk away from an employer if they feel undervalued or unfulfilled. Trying to keep every employee happy costs a firm a fortune. How to do the balancing act of achieving both employee loyalty and good profits?

Christoph Stückelberger: This is especially the case in emerging countries like India where the new and growing middle-class people are increasing in number and have material and other expectations. The key issue for ethics and business in this situation is equality. The new middle class asks for a fair share in the growing wealth. It means that the motivation and loyalty of the employees increases with a clear equality policy of the company/institution: the gap between the lowest and the highest remuneration (if we include bonuses) should not be 1:500 or 1:1000 as in some cases, but limited, means increase of lower and middle salaries more than of top salaries (I have published a booklet on fair top salaries from an ethical perspective). This may seem to reduce maximum profit for the shareholder, which may be the case in the short term, but it is a sustainable strategy for long-term optimum profit. So countries like India are in a period of paradigm shift from low-income to middle-income countries with the need to adjust the extreme net profit expectation and replace it by long-term strategy of employees' commitment. This also needs some sector policies, e.g., within the IT or mining or jewelry or agricultural sector in order to have a fair competition.

Emily Bianchi: Not keeping an employee happy can also cost firms a fortune. There are many things organizations can do to keep employees happy that are not costly. For instance, being fair and transparent is not costly. Moreover, finding ways to make employees feel like they are part of a bigger team and that their work has significance and meaning beyond themselves also does not have to be costly. There are many cost-effective ways to bolster loyalty.

In a world of lucrative job opportunities, firms are increasingly finding it difficult to retain employees. What can the firms do to stem this?

Christoph Stückelberger: Financial incentives are needed, but combined with an attractive corporate culture. This includes work-life balance and the respect of the religious needs of the employees. If an employee gets more money, but not the permission to fulfill the religious obligation, the employee may feel that this obligation, e.g., of respecting religious festivals and Friday or Sunday worship, cannot be compensated by a higher pay.

What kind of loyalty program can companies implement to motivate people to stay in the company? How to design such an employee loyalty program?

Christoph Stückelberger: In addition to what is said above, it is important to offer a culture of transparency and participation in decisions. The new middle class asks not only for higher salary, but also for responsibilities and opportunities to participate in the corporate culture. It means being encouraged to make proposals for improvement of the company, etc. Therefore, loyalty cannot be blind, uncritical obedience. Loyalty includes constructive critical thinking and action. In the extreme case, it can include disobedience to a specific order as an expression of loyalty to the values and goals of a company/institution. If a superior asks a subordinate to pay bribes to get a contract, then the employee has to resist and show that this negates the anti-corruption policy of the company, of the nation and of international conventions. Therefore, the loyalty policy has to include a policy of whistleblower protection and of fair treatment of employees who are disobedient to a specific act requested in the name of the higher values and policy of the company.

Emily Bianchi: Firms can promote loyalty by figuring out ways to make people feel committed to the larger enterprise of the organization. They can enhance loyalty by making employees feel on what is happening in the organization, by using fair and transparent procedures to make decisions, and by respecting the role that employees play in the organization. Gaining loyalty comes from an understanding within an organization that employees thrive when they are valued, respected, and treated well. An organization that does this well reinforces this emphasis in every interaction it has with its employees.

Loyalty is therefore an issue of the corporate culture.

Christoph Stückelberger: Yes, very much so. But also a profound issue of the different value systems: secular, Hindu, Christian, Muslim, etc. For faith-based persons, the first loyalty belongs to the Absolute (God). As the Bible and other holy texts say: "You must obey God rather than men" (Acts 5,29). The first loyalty is to be loyal to the values. This then leads not to a blind, but to a mature, reliable and responsible loyalty towards the company and nation.

Reference # 03M-2014-12-02-06

The Cost of Employee Loyalty and Disloyalty: Theory and Practice

Stephanie Jones* and Riham Hamdy Moawad**

Why are employees loyal? Organizational commitment—or a tendency to stay rather than leave—can be demonstrated by retention commitment, value commitment, and effort commitment. These variants on reasons for commitment—to stay with the organization, to provide value for customers, and to make the effort needed—are affected by intrinsic job satisfaction more than extrinsic elements, so leaders should pay more attention to their staff members' intrinsic needs and try to meet them. To be able to effectively manage the high rate of turnover, leaders and organizations must concentrate on enhancing their staff members' intrinsic job satisfaction. This means a focus on job interest, opportunities to learn, chances to mentor others, and making achievements—not just pay and benefits.

Profit is the applause you get for taking care of your customers and creating a motivating environment for your people.

– Ken Blanchard, 2007.

Due to the worldwide economic crisis and recession, many organizations have tried to cut costs. The largest 'expense' is people—but they are also the greatest asset. When people are being downsized, other people leave too. They become disloyal—but then they would argue that the organization has been disloyal too. And then one of the main challenges that organizations face is staff turnover, due to its crucial impact on the business—especially when the crisis and recession end and things start looking up again. Ironically, this attempt to save 'expense' can backfire and end up costing more.

Employee turnover has significant costs and consequences, so organizations need to investigate

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and analyze the direct and indirect costs resulting from staff turnover and put in place proactive strategies to minimize the expected loss as much as possible. There are direct costs linked to turnover, including recruiting replacement staff, as well as indirect costs represented in training new employees. There is also the cost of being understaffed: this can eventually lead to the loss of customers due to the lack of availability of staff and the resulting lower quality of products or services. The pressure of being short-staffed on management time means that strategic work will be put on the back burner whilst tasks of urgent importance are dealt with.

So, if the cost of staff loyalty is high, and disloyalty even higher, what can be done to manage this challenge of motivation, retention and minimizing turnover? A lot of this thinking is common sense, and the actions required often cost nothing, but it can be surprising how few managers are effective here.

Leaders must understand and respect others, and concentrate on team building processes as well as valuing the unique contribution of all team members. When managers and leaders are enabled and supported to build effective teams, this will lead to increased staff satisfaction and motivation. In supportive workplaces, staff members tend to be more satisfied with their jobs, and this consequently aids staff retention. Transformational leaders can have an important impact on subordinate job satisfaction. These leaders are interested in helping staff members to grow professionally. They practice idealized influence—or trying to be a good role model. They give their staff individual attention, try to inspire them, and make use of their skills and brain power. They involve them in decision making. Research shows that the more transformational leadership is practiced, the more subordinate job satisfaction is generated. An employee's intention to quit is usually reduced by transformational leadership practices (obviously there are many other issues here too).

Leadership styles, attitudes and behaviors have a major impact not only on staff attitudes and behaviors, but on their commitment to their organization and their organizational performance. Staff job satisfaction levels, age, gender, nature of the job tasks and salary can all contribute as well to a tendency for higher levels of organization commitment. The job of the leader is to find out which of the vast range of leadership and management inputs in the range of possibilities is most appropriate to build the loyalty of each individual staff member—because they are all different.

Why are employees loyal? Organizational commitment—or a tendency to stay rather than leave—can be demonstrated by retention commitment, value commitment, and effort commitment. These variants on reasons for commitment—to stay with the organization, to provide value for customers, to make the effort needed—are affected by intrinsic job satisfaction more than extrinsic elements, so leaders should pay more attention to their staff members' intrinsic needs and try to meet them. To be able to effectively manage the high rate of turnover, leaders and organizations must concentrate on enhancing their staff members' intrinsic job satisfaction. This means a focus on job interest, opportunities to learn, chances to mentor others, making achievements—not just pay and benefits.

Motivation is concerned with elements of direction of the work (the choice of one activity over another), the intensity of the effort involved (how hard an employee tries) and persistence (how long an employee continues with a particular behavior). When employees are highly motivated,

regardless of the difficulty of the circumstances, a higher level of performance, greater output and loyalty to the organization are expected, since it is then more likely that staff members will hesitate to leave the organization seeking better opportunities. Since motivation has always represented a critical challenge for employers, employees and for those who would just seek a greater work-life balance, many researchers have studied the phenomenon of motivation, and produced many theories which aim at explaining and managing people's motivation for enhancing staff satisfaction and organization commitment.

Such theories have been trying to analyze motivation by answering many questions such as:

- What really makes people feel motivated to do the job?
- What makes them happier in their personal and professional lives?
- What factors would help them continue to overperform regardless of the difficult environmental aspects that are facing the individual or his/her organization?

Many authors came out with many theories that tend to try to answer such questions. Employers are implementing such theories as a means of retaining employees through raising their satisfaction. Some of these theories are briefly discussed below:

The Hierarchy of Needs

Although the hierarchy of needs model dates back to the 1950s, it is still widely used in organizational behavior and management studies all over the world as a prime tool to identify staff motivation levels and needs. The hierarchy of needs model is an essential personal motivation theory used by organizations to motivate employees, retain employee loyalty, reduce turnover, recruit quality individuals and ultimately increase productivity and net income. This model includes five basic human needs, starting from the very primitive such as the psychological needs for food, shelter and clothing, to the most mature and advanced needs such as for self-esteem and self-actualization. The model suggests that a person should first satisfy a certain need to be able to move upward to the following need. Thus, managers can make use of the theory to motivate their subordinates by providing rewards that will help satisfy certain employees' needs, based on their perception of where they are at and where they want to go next. How do we know what stage they are at and what they need?

- Physiological Needs: These are the most basic needs, including the need for basic indispensable human demands such as food, drink, and shelter. The motivational item in this need would be financial rewards: at this stage, employers tend to motivate employees with providing appropriate salaries and wages that allow them to acquire their basic needs and provide for their families. In addition to the monetary aspects, employers can provide benefits that can satisfy employees' needs at this stage such as providing a comfortable and a healthy workplace and a flexi-timing working pattern.
- Safety Needs: People have a need to protect themselves from any expected mental, emotional or physical harm. This phase includes the need for protection from the elements, physical security, and the presence of law and order in their living and working environment. Monetary aspects can be a prime motivation as a safety need—employers seeking to support staff members at this stage usually provide them with healthcare programs and retention plans. Moreover, some of them even provide the

employees with counseling to ensure their mental health, especially in some critical jobs in which the employees are usually subjected to extreme stress due to their job nature.

- Love/Belonging Needs: The third phase of the needs model is the desire to be loved and the feeling of belonging to groups. Components of this need include work group, family, the giving and receiving of affection and being in a relationship. A relationship with colleagues and line managers are two main sources of social support which many employees regard as important in making the decision of joining or even continuing in a certain organization. Therefore, teamwork is very important in this perspective to build a solid social network and allow employees to satisfy the need for belonging. Employers tend to satisfy such need by teambuilding activities, coaching and mentoring, through internal procedures, and through making use of staff break times during the working day for relationship building.
- Esteem Needs: The fourth tier of the needs model is the need for self-esteem, achievement, independence, status, and responsibility at the workplace. Many research studies have shown that one of the main reasons why employees leave an organization is the lack of recognition from their line manager—which costs nothing except thought. A sense of achievement or accomplishment can have an impact on employees' intentions either to continue working for the organization or not. Employers work on satisfying their employees' esteem needs by various and different approaches such as providing prestigious-looking business cards with impressive-sounding job-titles, offering career path plans with promotion prospects, providing recognition programs (like 'employee of the month'), and sometimes delegating challenging work to young employees with potential for more senior jobs. Job rotation programs can also work—a change of responsibility at the same level can sometimes be as effective as a promotion. It all shows that the manager cares and is interested in the staff member.
- Self-Actualization Needs: The final phase of the hierarchy of needs is self-actualization—this includes the need for realizing personal potential, self-fulfillment, seeking personal growth and enjoying exceptional experiences. Usually, employers seek to satisfy their employees' needs of self-actualization by providing them with education assistance programs to study, the chance to attend international conferences, paid leave periods for development purposes, and opportunities to share in charitable events either by donations or actual participation and coordination.

Since the hierarchy of needs is considered to be one of the most important and extensively applied theories of needs, managers and organizations often use these five needs categories to create benefit packages to motivate their employees and accordingly increase their satisfaction levels and retain them in the organization. Managers should bear in mind that people are different and they will fall into different categories of the needs hierarchy. Thus, motivating them will need different benefit and incentive schemes. These theories only work when applied to particular employees with sensitivity and on an individual basis.

The ERG Theory

This is considered a more easily applicable version of the hierarchy of needs. The 'E' stands

for 'Existence', the 'R' stands for 'Relatedness' and the 'G' stands for 'Growth'. The theory was formulated to deal with the limitations in the hierarchy of needs theory, especially the concept that it includes progression from the bottom of the pyramid upwards. The ERG theory groups human needs into three categories as follows:

1. Existence Needs: These include the most needed human desires and incorporates all the physiological needs such as the need for food, drink, clothing, etc. as well as physical safety needs. Salaries and benefits provided by institutions can also be a motivator in the existence area.
2. Relatedness Needs: These include people's needs to maintain significant interpersonal relationships with others through sharing mutual feelings, beliefs and thoughts. Thus, relatedness needs can mainly be satisfied with mutuality and opportunities to work with others.
3. Growth Needs: These include personal development, creativity, innovation, self-fulfillment and productivity. In this category, a person relates him/herself to high quality and meaningful work that would not only add value to the person but to his/her environment as well.

The ERG theory does not imply a fixed order of needs (like the assumption behind the hierarchy of needs). In other words, based on the person and the situation, the priority of a certain need can change. Thus, there is no strict progression from Existence to Relatedness and finally to Growth. People can be motivated by more than one need in different degrees at the same time. With the hierarchy of needs, due to an unsatisfied higher need, a person can be frustrated and get back to pursue a lower need. With the ERG theory, the importance of any one need compared with the others can fluctuate whilst coexisting with the others.

The Equity Theory

The equity theory is mainly concerned with employees' judgment of their status and rewards when compared to others in the same organization. When they sense inequality in the distribution of resources, this might motivate employees to take actions to restore such equity. The components of the equity theory include inputs, outcomes, the status of referent others, equity evaluations and reactions to inequality as illustrated below:

- Inputs refer to the efforts exerted by employees in a certain situation or invested in a certain job.
- Outcomes indicate what employees receive in return for their inputs, such as rewards.
- Referent others are those with whom employees compare themselves.
- Equity evaluations are the comparison processes that employees perform.
- Reactions to inequity refer to employees' actions, behaviors or attitudes in protest of inequity or to reinforce equity.

The equity theory can be one of the most important theories used to analyze staff motivation. It can be found in many research studies and educational management books. However, some limitations of the theory were identified such as the fact that it does not necessarily identify specific behaviors of employees who react to inequity—we can only guess. Furthermore, it addresses only one type of equity—that is mainly related to those who direct their efforts to get most rewarded. In doing so, they ignore other equity perspectives such as considering staff social status within the hierarchy within a certain organization. Despite all of this criticism, the equity theory

is still used by many researchers to analyze job-related behaviors.

The Three Needs Theory

It is widely believed that people are mainly motivated by at least one of three needs: need for power, need for affiliation and need for achievement. Such needs are not satisfied progressively on a hierarchal basis; however, an employee might have the three needs at the same time, with one more influential need than the other two. It can be essential for effective managers to be able to identify the needs of their subordinates to be able to address them appropriately. Sometimes, the employees themselves are unsure of which of their needs predominate—they might think they need achievement, but really they need power, etc.

Employees who are motivated by power, when given control and the authority to manage others, can perform well. Those who are motivated by affiliation need to be appreciated and always feel accepted to perform well. Employees who are motivated by the achievement need try to avoid failure and will always perform better in the case of opportunities which turn out to be successful.

The Job Characteristics Model

Some scholars feel that levels of motivation can be related to the job itself and the impact it has on the job-holder or employee. Which characteristics of jobs might encourage a high level of internal work motivation? The job characteristics model has five 'core' job characteristics, namely, skill variety, task identity, task significance, autonomy and job-based feedback. When such characteristics are present in a job, three 'psychological states' can eventually lead to enhancing employees' internal motivation for a certain job, increase their satisfaction for work outcomes and encourage interest in gaining direct knowledge of the jobs' outcome.

The components of the job characteristics model can be defined as follows:

- Skill Variety: This refers to the range of competencies, skills and activities that are needed to perform a certain job. Jobs that would need variant skills such as problem-solving and communication challenges would be more interesting than those monotonous jobs with no required innovation from the employee.
- Task Identity: This refers to the degree to which the employee is required to do a certain job as a whole, from start to finish. Task identity implies that employees who are able to finish the job they started will be more satisfied than those who do part of it and are not able to see or share in the outcome.
- Task Significance: This indicates the importance, influence and impact of a certain job on other colleagues, departments, the whole organization or even the external environment. Task significance suggests that if employees feel that their job is meaningful and adding value to their internal or external environment, they will be more satisfied than those who do not see the value of their job's outcome.
- Autonomy: This represents the degree of personal freedom, individual choice and judgment a certain job allows employees, who can decide upon the required procedures and decisions to perform a certain task. This characteristic suggests that autonomous employees will be more satisfied than those who are directed to do a job without opportunities for their own inputs.
- Job-Based Feedback: This measures the feedback on his/her performance that an employee might gain while performing the required job. This characteristic suggests that those who are aware of their performance

strengths and weaknesses will be able to better develop and be more effective than those who are not aware of their performance. It can also relate to the perceived interest of a manager in an employee's performance.

Skill variety, task identity and task significance as job core characteristics will lead to a physiological state of experiencing work meaningfulness. Autonomy will lead to a physiological state of employees' experience of responsibility and accountability for the outcomes of their work. Lastly, the core characteristic of job-based feedback will cause a physiological state of wanting to know the outcome of the work results. With these three physiological states, in most cases, employees will be internally motivated to do their job, will enjoy greater internal and external satisfaction and will show better work performance. This model is based on relating employees' motivation, satisfaction and performance to their individual job characteristics. It can be used for setting up, developing and implementing any change in the design of work tasks and jobs.

So, the cost of employee loyalty involves thinking and effort on the manager's part, these theories are here to help. They were all learned at business school, but in most cases then forgotten.☕

Reference # 03M-2014-12-03-01

Cost of Employee Loyalty†

Employee loyalty is still the Holy Grail for employee performance, and gaining and keeping loyal employees is increasingly recognized as the key to business growth. So what does it all mean and how can we achieve it?

Alex Bennet and David Bennet: We're fully in agreement with the first part of the first sentence, indeed employee loyalty is still the Holy Grail for employee performance. That said, let's first ensure a common understanding of the word 'loyalty'. Building on the multiple definitions in the *Oxford English Dictionary* (5th Ed.), loyalty would be the condition of being faithful, steadfast in allegiance and/or true to obligations. In the case of an employee for an organization, loyalty would begin with meeting the commitment made in the written or verbal employment contract. But it infers more, becoming entangled with trust, respect, equitability, interdependence and expectations, and carrying with it an affective element (emotions and feelings).

Then let's look at WHO or WHAT produces that loyalty. While it is quite possible for a leader to inspire loyalty—at least for a while—in today's interconnected global world it is far more likely that sustained loyalty is to an idea rather than an individual. Have no doubt, today it is more about the WHAT than the WHO. People get excited by the field of possibilities offered by a new idea.

Finally, let's think closely about the second part of the first sentence (the part after the 'and'). Is gaining and keeping loyal employees increasingly recognized as the key to business growth? We think not. The global work environment is moving beyond competition to embrace collaboration. You ask: "What about survival of the fittest?"[1] Darwin back pedaled in his second book, *The Descent of Man*, where he concluded from his observations: "Those communities which included the greatest number of the most sympathetic members would flourish best and rear the greatest number of offspring." Indeed, we see unity and cooperation over and over again in nature. But what does this have to do with loyalty?

We live in a new world that requires new frames of reference and new ways of being and acting. We call this world CUCA, that is, an increasing rate of Change, creeping Uncertainty, exploding Complexity, and ubiquitous Anxiety. *In a CUCA world it is critical that we perceive our organizations with permeable and porous boundaries, and act accordingly*. Employee loyalty does not necessarily mean staying within the bounds of a single organization! Employee loyalty offers the opportunity for future working relationships.

A learning, contributing and happy employee is an asset while with a company *and* can be an asset when leaving to embrace a larger or different opportunity. We no longer need to confine ourselves and our organizations to traditional bounded and controlled systems; rather we now create permeable and porous boundaries through which to interact with our external environment. We live in a quantum field filled with possibilities and potentialities. For example, the rate of change

† The interview was conducted by Ivaturi Murali Krishna, Research Associate, IUP Publications.

[1] The reference is to Darwin's harsh statements appearing in *On the Origin of Species*.

of technology, communicating via the Internet and the speed and intensity of that communication and actions continuously create new opportunities and possibilities. Look at Facebook and the insights provided by Big Data. These clearly demonstrate the opportunities that go beyond each and every organization.

While an employee who leaves an organization can certainly cause harm by carrying new ideas and ways of marketing to a competitor, on the other hand, a happy and well-treated and rewarded former employee can help build the company's reputation in their field of product offering, potentially opening the door to partnering and teaming relationships. This also offers a very real opportunity for social networking and building knowledge communities across organizations. When an employee leaves an organization this does not need to mean that employee is disloyal; nor does it automatically negate the relationship that has been built over a number of years. Let's break our 20th century paradigms and embrace the new meaning of loyalty that is emerging.

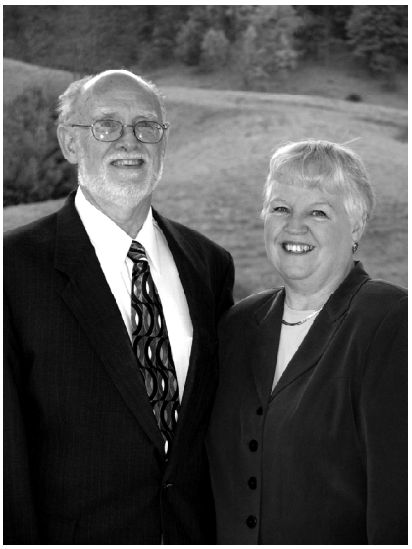
Chris P Long: The first thing to understand is that traditional notions suggest that loyalty generally becomes salient when employees are dissatisfied with their organization. Their loyalty is shown in that, though they are dissatisfied, they are willing to give their managers 'the benefit of the doubt,' and remain in their organizations bolstered by the hopes that conditions may change. Because all organizations go through tough times, this form of employee loyalty is important to cultivate and is a nice base to work from (i.e., when you have it). However, this more passive form of employee loyalty is not what produces high-performing organizations and is not what organizations should be focused on cultivating.

To push past this more passive state, it is important for managers to engender a more active sense of loyalty among their people. The recommendation here is for managers to first think hard about what your employees are loyal to and assess whether this is actually the type of loyalty you are trying to promote. In my experience, the most successful organizations are able to encourage employee loyalty to a positive assessment of what the organization 'is' as well as a vision of what their organization 'could be' and where their organization 'is heading'.

When employees possess this, they are not placidly focused on protecting their current situation but are instead willing to work, strive and sacrifice for the possibilities they see in the future. They remain committed to maintaining a positive course while, at the same time, challenging the organization in a positive way to realize its potential. They remain undeterred by inevitable problems that occur along the way because they are focused on helping the organization achieve its desired, higher performance state.

"Loss of employee loyalty is a big hidden cost of business". Your comments?

Alex Bennet and David Bennet: Absolutely it is, whether an employee is still on the payroll or has left for a better job! But it's not the loss of loyalty that *causes* the cost, rather the *reasons behind* that loss of loyalty, which will continue costing the organization as yet another employee comes and goes. We must ask hard questions of ourselves: Why? Perhaps there is a loss of trust. Why? Perhaps the rewards were not consistent with the effort. Why? Perhaps there were relationship conflicts. Why? There is an old management adage that says "when something is wrong look first at yourself."



Alex Bennet is a Professor at the Bangkok University Institute of Knowledge and Innovation Management, and Co-Founder/ Director of the Mountain Quest Institute located in the Allegheny Mountains of West Virginia focused on achieving growth and understanding through quests for knowledge, consciousness and meaning. She is the former Chief Knowledge Officer and Deputy Chief Information Officer for Enterprise Integration of the US Department of the Navy (the first government MAKE winner), simultaneously serving as internal consultant for the US government and Co-Chair of the Federal Knowledge Management Working Group. As cited in the Distinguished Public Service Award from the Secretary of the Navy, Dr. Bennet led innovative Navy and Marine Corps enterprise knowledge technology and information management efforts that transformed the DON as it entered the 21st century. Dr. Bennet has authored hundreds of papers and co-authored five books with her partner, David Bennet, including a new theory of the firm based on the Intelligent Complex Adaptive System model for organizations; ground-breaking work with the government of Canada on "Knowledge Mobilization in the Social Sciences and Humanities: Moving from Research to Action"; and the latest thinking on complexity, knowledge and knowing introduced in *Decision-Making in The New Reality*. Dr. Bennet is a Delta Epsilon Sigma and Golden Key graduate with degrees in Human and Organizational Systems, Human Development, Management for Organizational Effectiveness, English Literature and Marketing; serves on multiple international advisory boards and committees; keynotes around the world; and believes in the multidimensionality and interconnectedness of humanity as we move out of infancy into full consciousness. She may be reached at alex@mountainquestinstitute.com. See www.mountainquestinstitute.com and www.mountainquestinn.com

David Bennet is a scientist, engineer, educator, and humanist. As a Nuclear Physicist and Naval Officer, he taught at the US Navy Nuclear Power School, was a project director at the Office of Naval Research in Underwater Acoustics, and was technical director of two major weapons programs. Founding a professional services firm, he served as CEO, Chairman of the Board and Chief Knowledge Officer for many years. He is Co-Founder of the Mountain Quest Institute, a research and retreat center dedicated to research in—and the application of—knowledge and learning. He has facilitated over 100 workshops and meetings for government and private industry, and has spoken at conferences around the world in the areas of knowledge management, organizational development, leadership and decision making. Dr. Bennet is a Phi Beta Kappa, Sigma Pi Sigma, and Suma Cum Laude graduate with degrees in Physics, Mathematics, Nuclear Physics, Neuroscience and Adult Learning, Human Development, and Liberal Arts.

Chris P Long: The inability of managers to engender a sense of active loyalty among their employees is a common and very important problem in organizations. When employees are not loyal they less actively work towards organizational goals and are much more willing to leave organizations. These both constitute huge costs for organizations. Firms that are not generating a sense of loyalty are losing important production efforts from valuable people. Employees who are not actively loyal to a particular course of action are less committed to helping the organization achieve is critical objectives.



Chris P Long is an Assistant Professor in Management at the McDonough School of Business, Georgetown University. In his research, he examines the actions that leaders take within complex and dynamic business environments to accomplish a variety of key performance objectives. Professor Long has previously held academic positions at Washington University in St. Louis and Duke University. He has worked as a consultant to multinational corporations on issues of leadership, organizational design, and organizational change and previously served as a Congressional Aide to a member of the United States House of Representatives. He holds PhD in Management from Duke University and a Master in Public Policy from the John F Kennedy School of Government at Harvard University.

What are the factors that directly and indirectly influence employee loyalty?

Alex Bennet and David Bennet: While we have addressed trust above, that trust is built on a foundation that includes: alignment of values, idea resonance, fair treatment, contribution, and mutual respect. Trust to an employee means that the company can be relied upon to be fair, stand with its employees when the going gets rough, apologize for its (the company's) errors and be fair to all its employees.

Chris P Long: Managers need to identify the conditions that foster employee loyalty. I think that the first thing to understand is that people will tend to be more loyal to entities (managers, co-workers, visions, firms) whom they trust. To build that trust, managers need to generate a high level of confidence that they will act in their best interests and take care of their employees even during the tough times. To create this sense of trust, managers must be willing and able to take the time to investigate and understand their employees' interests and expectations, then make conscious, and often visible efforts to satisfy those expectations.

I always tell executives that employees want two primary things. First, they want to know (with a high level of clarity) what "game is being played" in their organizations. Second, they want to know that "this game will be played predictably and fairly." Managers use controls to set up the game that is being played. Here, employees want their work to be directed with clear standards in a system that makes some sense to them. In essence, employees want to be motivated to perform and rewarded for things that they believe will generate positive outcomes for themselves and their chosen organizations.

Managers who generate employee loyalty put forth efforts to maintain these systems while also providing their employees with a sense that they are important contributors. In other words, managers want to take actions that bolster their employees' perceived status and general sense that they are valued employees. They do this by working hard to earn their employees'

trust while, at the same time, making sure that employees are being treated consistently and fairly.

This sounds simple but requires both a clear understanding of (i.e., often dynamic) employee expectations and a willingness to constantly monitor strategic environments to ensure that the control systems make sense to employees. Is it possible to do this? Yes. But this is difficult to do well. This is why firms are willing to pay a premium for effective managers. These individuals have developed unusual abilities to understand their operational environments in ways that allow them to establish and adapt the "rules of the game" so that they make sense and allow their employees to willingly commit to high performance.

Do you think that the interaction between different types of employees influences firm culture and performance?

Alex Bennet and David Bennet: How can it not? We are social creatures. Studies in social neuroscience have affirmed that over the course of evolution, physical mechanisms have developed in our brains to enable us to learn through social interactions, enabling us to get the knowledge needed for survival. People are in continuous two-way interaction with those around them, and the brain is continuously changing in response. Culture is the way work is done and is based on the historic interactions among and between management and employees.

The performance of an organization on a given day is the direct result of the actions taken by every employee that day, and every decision driving those actions is based on knowledge (the capacity to take effective action). Given a nurturing and supportive environment, knowledge creation and sharing among different types of employees can lead to amazing creativity and innovation.

Chris P Long: The interactions between employees within a firm comprise fundamental elements of organizational culture and performance. The dynamics that I have spent most my career researching, is focused on the manager-employee relationship. This is crucial for the reasons that I have stated above.

Equally if not more important, however, are the relationships that individuals maintain with co-workers. Depending on how they develop, these relationships will compromise or enhance the culture. To produce loyal employees, organizations need to cultivate work environments where co-workers enjoy each other, where they feel like they are working with like-minded people who are striving towards a clear set of common objectives. In addition, when employees see co-workers that they compare themselves to being treated in ways that are consistent with their own treatment, this helps to reinforce the systemic sense of consistency and coherence that employees feel.

What effect do human resource practices have on employee commitment?

Alex Bennet and David Bennet: Now you have shifted your terminology, asking about commitment rather than loyalty. Let's understand the difference. Loyalty was defined in my response to the first question. Recall that loyalty is entangled with trust, respect, equitability, interdependence and expectations, and carries an affective element in terms of emotions and feelings. Commitment is an engagement or obligation, and while it includes an element of entrusting toward a course of action, it does not infer an affective element. Thus, human resource practices in relationship to employee commitment can be looked at from a logical viewpoint. Are the practices fair and equitable?

Do the practices offer educational and learning experiences consistent with employee needs and desires? Is the payroll system understood and perceived as fair by employees? Are there feedback loops in place such that employees feel supported and their accomplishments and contributions to the company are recognized by both management and other employees?

Chris P Long: Effective HR practices are essential to fostering employee loyalty and commitment. Because "what gets measured gets done," this system is where the "rules of the game" are established. So formal HR policies and procedures that are effective are essential to generating employee loyalty.

HR officers in organizations need to also develop an understanding of how informal practices that comprise the organization's culture also influence employee loyalty. For example, because employees often attribute the good and bad things that happen to them in the organization to their managers, managers need to be appraised on these issues and engaged in adjusting them if necessary. To the extent that HR practices assist managers in fulfilling promises and addressing employee needs, they can help managers create trust. To the extent that HR practices can assist managers in facilitating accurate, consistent, and fair work practices they can help to foster a high level of organizational coherence.

Employees increasingly expect to get more out of their jobs and are willing to walk away from an employer if they feel undervalued or unfulfilled. Trying to keep every employee happy costs a firm a fortune. How to do the balancing act of achieving both employee loyalty and good profits?

Alex Bennet and David Bennet: This is a corporate challenge that must be met by a clear and accurate evaluation of the workforce's contribution to company success versus management's contribution. It begins with good communication and a clear understanding of expectations from both frames of reference. Often employees do not know how or why their work contributes to long-term company growth and profitability. This frequently occurs when management neglects bringing the workforce into the purpose and objectives of the organization (which include profitability, and also workforce learning, esteem, morale and training). At all levels of the organization, employees must be recognized as significant contributors to organizational success *as they are*.

Chris P Long: I actually disagree with the idea that generating employee loyalty and commitment necessarily "costs a fortune." The types of things that generate a strong sense of employee loyalty are not expensive in time, resources or money. They are essentially good management practices that all managers should be adopting. They just feel expensive because managers are unaware of how to take the first step to generate the types of conversations and practices that are required to engender employee loyalty and commitment.

What is needed for managers is to do two things. First, managers need to take a hard look at the systems they are maintaining and the relationships they are developing. The first step in this process is to talk to their employees to attempt to identify the consistencies and inconsistencies that employees are seeing in the systems that are directing their work. Because organizations exist in dynamic, strategic and operational environments, managers should commit to ongoing conversations.

Second, managers should use the information generated through these conversations to adjust their systems and the types of relationships that they are developing with their employees. As changes are being made, managers should be as transparent as possible about the changes they are making as they make sure and involve employees in the development of effective employment practices.

In a world of lucrative job opportunities, firms are increasingly finding it difficult to retain employees. What can the firms do to stem this?

Alex Bennet and David Bennet: We are thinking of employees as nouns, things that we want to retain. People are verbs, continuously learning and expanding, recreating knowledge (the capacity to take effective action) for the moment at hand. Let's dig deeper into that statement. The human brain is an associative patterner. That means that all the information coming in from the environment is associated (or complexed) with all the information that has been stored (experienced and learned) as patterns (neurons and neuronal firings) within the mind/brain. In this context, the brain is the physical matter and the mind is the patterns produced by the firings and connections.

Every second of every day we are making decisions and taking actions, ranging from a single step forward or backward (or not, since no step forward or backward is also a decision and action) to a strategic approach to enter a new market. In every decision, we are creating (re-creating) knowledge for the instant at hand. *All knowledge is context-sensitive and situation-dependent*.

We cannot stand still for long and remain healthy. For example, the heart that beats regularly wears out quickly! Thus, people are changing every moment of their lives as they embrace the opportunities and challenges that are part of living, moving on to new opportunities and challenges as they present themselves. It is ironic that the very people you would like most to stay with the firm are the very ones that require continuous stimulus to do so! Along with a stream of new opportunities and challenges, that stimulus includes recognition, rewards, relationships and subtle products such as meaningful jobs and the gift of leisure time (e.g., a meditation break during work hours).[2]

Chris P Long: The research is very clear on this. Interesting work, empowering managers, generative and healthy co-worker relationships, and opportunities for personal growth are more central to producing employee loyalty than pay or promotions. Of course there is a limit, and huge discrepancies in pay or opportunities will often trump even the best work environments. However, managers who focus on building employee loyalty through good management practices can often retain valued employees in the wake of more lucrative job offers.

What kind of loyalty program can companies implement to motivate people to stay in the company? How to design such an employee loyalty program?

Alex Bennet and David Bennet: Employees want to see themselves as part of the company, and they want to be proud of their own work and that of the company, recognized and rewarded, and contributing and learning. These are the kind of people who make the company successful, and are almost always the individuals who indirectly influence the profit margins.

If an employee does not want to stay in a company, this is *not* an employee you want in the company! If a company is focused on 'loyalty' and keeping people in the company, they are focused

[2] See A Goswami (2014), *Quantum Creativity: Think Quantum, Be Creative*, Hay House, New York.

in the wrong direction! Rather, focus on building and supporting the kind of company that draws people toward it; the kind of company to which people want to contribute. This would be a sustainable company, not a maintainable one. Sustainable includes the continuous element of change and growth. As an analogy, think about sustaining a forest. This means clearing away trees or undergrowth which is rotting and ensuring the opportunity for new growth in an older forest. As the environment shifts and changes, so too must the organization shift and change, changing the way we think and feel about ourselves and each other and embracing both the challenges and opportunities in a connected world.

Chris P Long: The key thing for managers to understand is what their employees value. Exceptional managers are able to identify and enact synergies between organizational goals and employees' aspirations. That is the most important.

Again, this is about creating a sense of coherence through clear objectives, trustworthy actions, and fair gameplay. The best way to generate employee loyalty is by identifying and then trying to deliver on employees' expectations. Employees are generally going to stay in work environments that enable them to achieve their aspirations.

Anything that you want to add…

Alex Bennet and David Bennet: Every individual and every organization has a perspective of how management and others in the workforce perceive them as individuals and their jobs. Employees who want to go because they feel they are unrecognized fall into two categories: (1) they may be worthy, but not recognized by the company, or (2) frequently they are people who think more of themselves than what they are actually contributing to the company. This difference is significant and vital in that it must be recognized by management.

Chris P Long: Thanks for the opportunity!

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Costs of Employee Loyalty and Disloyalty: Benefits of Organizational Values Supporting Work-Personal Life Balance

Ronald J Burke* and Parbudyal Singh**

The paper examines the association of perceptions of organizational values supporting work-personal life balance and imbalance, with a number of work-satisfaction, extra-work activities, and psychological wellbeing indicators in a sample of managers and professionals. The results reveal that both balance and imbalance organizational values had significant relationship with two important variables: passion and absorption. Managers indicating higher imbalance and balance organizational values reported higher levels of both passion and absorption. It should be noted however that more negative work motivation of addiction was predicted only by imbalance values, and the other two work engagement scales, vigor and dedication, were predicted only by organizational balance values. It seems clear that organizations possessing values more supportive of work-personal life integration and balance values are likely to reap benefits.

There are obvious costs to organizations of both employee disloyalty and employee loyalty. Employee disloyalty is exhibited in negative comments and attitudes about one's colleagues and one's organization, low quantity and quality of job performance, and high levels of withdrawal behaviors such as absenteeism, tardiness and turnover. Employee loyalty is reflected in positive attitudes and comments about one's organization, "good soldier" behaviors such as helping others and "going the extra mile" for one's employer, high levels of job performance, and both caring and investing in making one's organization better.

The costs of employee disloyalty are obvious and reflected in the negative attitudes and behaviors mentioned above. The costs of employee loyalty are less evident however and reside in efforts by managers and their workplaces to better meet the needs of their workforces. These costs are embedded in organizational investments in sound human resource management policies and practices that increase the satisfaction and health of its employees. A healthy and loyal workforce

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is likely associated with a healthy, effective and successful organization. Thus, loyalty and disloyalty are concepts that are assessed based on more tangible employee attitudes and behaviors.

We show, using results of a recent survey of professionals and managers, how efforts to address work-family demands and work-family balance show up in high levels of employee loyalty—loyalty reflected in a range of positive work and organizational experiences and employee wellbeing.

There is some evidence that men and women in some countries are now working more hours (Lee *et al.,* 2007). Men and women, particularly those in the managerial and professional jobs, work long hours for a variety of reasons. These include: loving their jobs, for rewards and perks, work addiction, a need for income, feelings of job insecurity, and 'expectations'—subtle and not so subtle—from one's colleagues and from one's employing organization. Managers work long hours either by choice or by 'coercion'.

Technology is also available to support one's working from anywhere at anytime. In addition, more individuals are living in a 24/7 society. The globalization of business across different time zones sometimes requires being 'on call' much of the day and night.

Long work hours has been associated with a number of negative consequences such as fatigue, burnout, workplace errors, workplace accidents, psychological distress, physical health difficulties, and work-family conflict.

Interestingly, an increasing number of managers and professionals have become dissatisfied with the number of hours they work and prefer to work fewer hours (see Hewlett and Luce, 2006). So the question of why managers and professionals work long hours becomes an important one. That individuals would like to work fewer hours but for various reasons have been unable to do so, again raises the question of why they work these hours and why has it been so difficult to reduce hours worked. Either managers and professionals who state they would like to work fewer hours are not serious about this or their workplace environment makes it difficult or impossible to reduce the number of hours they work.

Work Hours and Their Effects

The last decade has seen increasing interest in work hours and their effects. There is some evidence that work hours increased during this time in particular occupations (e.g., managers and professionals) in some countries (e.g., US and UK), while work hours decreased among blue-collar workers (Golden, 2006). There is also some evidence that long work hours are associated with negative effects on subjective wellbeing, family functioning, and workplace errors, accidents and injuries (van der Hulst, 2003; and Dembe *et al.,* 2005).

The effects of long work hours have not been consistent however. For example, Hewlett and Luce (2006) found an extremely high level of job satisfaction among two large samples of managers and professionals at high organizational levels working in 'extreme jobs', jobs in which they worked 60 or more hours per week. Some of these managers indicated a preference for working fewer hours per week in the future and some managers were concerned about the potential effects of these long work hours on their families and their health. Individuals in 'extreme jobs' reported high levels of challenge, meaning , and rewards, both psychological and financial, in explaining their high levels of satisfaction. Brett and Stroh (2003) similarly reported high levels of satisfaction among MBA graduates of a prestigious US university though they worked long hours.

Organizational Values Supporting Balance

Burke, in his earlier research, reports results from studies involving psychologists in Australia, MBA graduates in Canada, and staff working for an international public accounting firm, examining the relationship of perceived organizational values supporting balance and imbalance with various work and wellbeing outcomes. In a study of 283 men having MBA degrees and working in managerial and professional jobs, for example, respondents who worked fewer hours, were more job-satisfied, experienced lower levels of job stress, and reported higher levels of emotional and physical wellbeing, indicating organizational values more supportive of work-personal life integration.

The Present Study

The present study examines the association of perceptions of organizational values supporting work-personal life balance and imbalance, with a number of work-satisfaction, extra-work activities, and psychological wellbeing indicators in a sample of managers and professionals.

The following hypotheses were considered:

- Scores on the balance and imbalance scales would be significantly and negatively correlated.
- Scores on the imbalance scale would be significantly higher than scores on the balance scale.
- Personal demographics and work situation characteristics would be relatively independent of balance and imbalance scores.
- Managers and professionals reporting organizational values more supportive of work-personal life integration would indicate more positive work outcomes and psychological health.
- Managers and professionals reporting organizational values more supportive of work-personal life imbalance would indicate more negative work outcomes and psychological distress.

Procedure

A random sample of 850 alumni of a management program at a major Canadian university, both Bachelor's and Master's degree holders, were contacted by e-mail and were invited to complete a questionnaire that included measures of balance and imbalance values in their organizations as well as demographic items and potential antecedents and consequences. One hundred and forty-eight managers and professionals responded, i.e., a 20% response rate.

Respondents

Here are the demographic characteristics of the sample. Most were female (64%), almost all worked full-time (94%), were between 26 and 35 years of age (58%), most were married (61%), most had children (60%), an almost equal percentage had Bachelor's or Master's degrees, worked between 36-40 hours per week (41%), were in non-management or professional jobs (47%), had some supervisory duties over others (50%), earned an income of between $50,000 and $89.999 per year (49%), had relatively short job and organizational tenures, with 42% having one year or less of job tenure and 40% having 2 years or less of organizational tenure, worked in organizations of varying sizes, and worked in several different units of functions, the largest number of respondents being in human resources. This sample is best described as a convenience sample.

Organizational Values

Organizational values supporting work-personal life balance and work-personal life imbalance were assessed. Managers and professionals indicated the extent to which balance items were positively valued in their organization or represented desirable qualities in managers.

Demographic and Work Situation Characteristics

A number of demographics (e.g., age, gender, level of education, marital and parental status) and work situation characteristics (e.g., supervisory duties, job and organizational tenure) were measured by single items.

Career and Family Priority

Career priority and family priority were each measured in terms of each being the most important thing that happens in the lives of respondents.

Work Motivations

Two work motivations underlying one's potential work investment were examined: Passion and Addiction.

Work Investments

Two indicators of high work investment were included: work hours and work intensity.

Work and Wellbeing Outcomes

A wide range of outcome variables were included in this study covering both work and extra-work domains. These variables were consistent with those typically used in the studies of work and wellbeing more generally.

Three aspects of work engagement were included.

Work Outcomes

Five work outcomes were included: job satisfaction, career satisfaction, job stress and work engagement which included three aspects (vigor, dedication and absorption) and intent to quit.

Psychological Wellbeing

Three aspects of psychological wellbeing were considered: exhaustion, psychosomatic symptoms and life satisfaction.

Material Affluence and Time Affluence

Respondents indicated the extent to which they felt 'rich' in terms of both their financial situation and their feelings of time adequacy.

Use of Recovery Activities

Four recovery activities suggested by Sonnentag and Fritz (2007) were considered: Detachment, Relaxation, Mastery and Control.

What Did the Data Show?

This investigation considered the relationship of organizational values supporting work-personal life balance and imbalance with a variety of work attitudes and satisfactions, extra-work experiences and indicators of psychological health.

There was considerable support for the hypotheses underlying this investigation. First, measures of managerial perceptions of organizational values supporting work-personal life balance and imbalance were significantly and negatively correlated. Second, managers reported higher levels of imbalance than balance values. In general, organizations in which our respondents worked were weakly supportive of balance values and indicated slightly higher levels of support of imbalance values. Third, as expected, personal demographic factors (e.g., gender, marital status, and level of education) and work situation characteristics (e.g., organizational size, organizational tenure and job tenure) did not emerge as significant predictors of levels of imbalance or balance values. Fourth, organizational values supportive of work-personal life integration (balance values) were generally associated with more favorable outcomes such as work engagement, job satisfaction and lower intent to quit. Finally, organizational values unsupportive of work-personal life integration (imbalance values), when high, were associated with less favorable outcomes (e.g., higher levels of job, greater exhaustion, stress, less time affluence).

Imbalance values were also, not surprisingly, associated with higher work investments in the form of both working longer hours and working

in more intense jobs, with working more hours and perceptions of higher levels of work intensity being moderately and positively correlated in this and other studies.

Interestingly, both balance and imbalance organizational values had significant relationship with two important variables: passion and, one-work engagement scale, absorption. Managers indicating higher imbalance and balance organizational values reported higher levels of both passion and absorption. It should be noted however that more negative work motivation of addiction was predicted only by imbalance values, and the other two work engagement scales, vigor and dedication, were predicted only by organizational balance values.

Implications for Organizations

It seems clear that organizations possessing values more supportive of work-personal life integration and balance values are likely to reap benefits. But how can organizations develop and support such work-personal life values? Many organizations have developed policies that endorse these values. However, the available evidence suggests that the creation of such policies have had, at best, inconsistent results (Bailyn, 1994). Many organizations pay only lip service to their policies (Hochschild, 1997). Too often, work and personal life concerns have been pitted against each other, with most organizations, not surprisingly, giving priority to work. It makes more sense to link work and personal life in an integrative way to achieve tangible benefits (Lewis and Lewis, 1996). While it is both challenging and difficult, satisfying both work and personal life needs simultaneously is more likely to reach both objectives.

An increasing number of organizations have undertaken projects to address work-personal life concerns. These initiatives make an explicit link between employees' personal concerns and business needs with the goal of changing work practices so that both employees and organizations gain. Bailyn (1994 and 1997) describes organizational projects designed to bring about changes in the work culture and the organization of work to support work-personal life integration. These projects showed that changes in organizational values and practice can be achieved. Perlow (1997) reported that the way work got done in organizations and the way that work is rewarded, lowered both productivity and the quality of employee lives outside of work. Organizations need to stop seeing work and personal life as 'either/or' concepts. Instead, organizations need to better understand how the way work gets done and is rewarded, and how their organizational values interfere both with productivity and employee personal life needs. Munck (2001) reports on the successful efforts of a hotel chain to introduce culture and value changes that brought about a reduction in hours worked among staff by making greater use of technology, eliminating unnecessary meetings, streamlining paperwork, reducing the time of overlap between day and evening shifts and reducing the pressure staff felt of being seen, of putting in 'face time'.

There are some organizational costs then in increasing employee loyalty. These include managerial time and effort, some modest financial resources, and a commitment by senior executives to support the balance needs of their workforce. These costs seem small when weighed against the costs of employee disloyalty.

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What Is Employee Loyalty? How to Gain, Retain and Lose It

Bob Murray*

Smaller enterprises that can maintain their workforces and whose leaders are closer, in economic terms, to their employees will be able to maintain loyalty, assuming that they are able to run their businesses in a way which fulfills the neurogenetic needs of their workers. But they themselves are under great competitive pressure, and although they are collectively the largest sources of employment in the developed world, this probably cannot last. Overall, the trends visible in society are such that employee loyalty, like employee engagement, may well be a thing of the past. The irony is that at the same time technology is showing us that we do not need the workers we have, the science of behavioral neurogenetics is showing us how to run our companies and our firms in such a way as to engender the maximum level of loyalty in our workforces.

The first thing to realize about employee loyalty is that the loyalty is probably not to the employer, but rather to those who are in the employees' immediate work circle—colleagues, supervisors, reports, immediate managers or even clients and customers (Bidwell and Fernandez-Mateo, 2010). Only really exceptional businesses get genuine loyalty to the organization itself.

The other thing to note is that, throughout the world, loyalty to companies or firms is rapidly declining. MetLife's 10th annual survey of employee benefits, trends and attitudes released in March puts employee loyalty at a seven-year low. One in three employees, the survey says, plans to leave his or her job by the end of the year. According to a 2011 Careerbuilder.com report, 76% of full-time workers, while not actively looking for a new job, would leave their current workplace if the right opportunity came along. Other studies show that each year, the average company loses anywhere from 20% to 50% of its employee base (*Knowledge@Wharton*, 2012).

Most researchers agree that employee loyalty is a key element in overall employee engagement (Bosscher, 2013) and if this is so why then are so many organizations' engagement scores so high? One issue is that enterprises are often

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blinded by their own engagement surveys. In our experience, most of them are in no way accurate and inflate the level of real engagement in the business which, according to the Gallup Organization, averages 13% worldwide (Crabtree, 2013).

There are a number of factors that influence a person's decision to be loyal to the organization that they work for. Some of these have to do with the conditions that exist within the enterprise, others have to do with the economy and societal attitudes in general and, finally, there are individual neurogenetic explanations about why individuals are more or less loyal.

There are also important generational differences in employee loyalty, but I am going to omit those from this paper for the sake of brevity (for further reading on this topic, see Epstein and Hershatter, 2010).

The Neurogenetics of Loyalty

The neurogenetics of loyalty are rather like those of love. We have a genetically-based need to love, to be loyal to a group. Loyalty involves trust, belief, pleasure and reward activities within the brain (i.e., limbic processes). These processes significantly rely on oxytocin (the bonding and trust neurochemical), vasopressin (which also has a powerful influence on social bonding) and dopamine (the reward neurochemical) (Esch and Stefano, 2005).

The drive to be loyal is fundamental to us as group loyalty is one of the key elements that ensures primate survival. In the wild, neither humans nor gorillas or monkeys survive long in isolation. Our protection lies in the mutual loyalty of the band, the pack or the tribe. Because of this genetic drive, we naturally look for something or someone to be loyal to. We look to the person or institution to which we are loyal to provide us with safety, although all of us can be loyal, at least for a while, to people who do not treat us very well. In an extreme case, this can be the employee equivalent of the battered wife syndrome (Johnson and Indvik, 2001). The loyalty/safety trade-off is the key to a person's loyalty to an employer.

Loyalty, then, is one of our primary genetic drives and is tied in very closely with our need for supportive relationships, safety and life satisfaction. The dopamine reward system ensures that we are able to get a powerful reward from relationships. Unlike the transitory reward we get from a sexual encounter, a supportive relationship gives us lasting satisfaction and ensures that we are loath to leave it, even when it goes wrong.

Management can attract and retain employee loyalty, but it can also lose it—just as people can fall in and out of love. The important thing for management to realize is that loyalty is not automatic, and that there are things that leaders have to do for their workers in order to attain and retain loyalty and commitment.

Why Would Anybody Be Loyal to You?

Trust is obviously the key to loyalty, yet, according to Professor James Heskett of Harvard University, in many enterprises, only about 30% of employees trust their leaders (Heskett, 2012). There are many reasons why the overall trust that people place in management is fast being reduced. When we survey organizations to discover the state of trust in a business, we find that there are several major reasons that contribute to the best organizations being able to retain the loyalty of their workforce.

Inclusion in Decision Making

The willingness of management to take employees into the decision-making process concerning things that affect their lives. You cannot expect people

to be loyal to you, or to trust you, if you take away their sense of autonomy. Those that inspire the highest level staff loyalty, such as Southwest Airlines, have the greatest level of inclusion and transparency.

Taking employees into the decision-making process has been part of Southwest's corporate culture from the beginning (Urquhart, 2002). What the airline has found, paradoxically it might seem, is that having an employee-centric culture has led them to have the highest level of customer satisfaction of any airline many years in a row. An essential part of that employee-centric culture is that employees know that decisions are not taken without consulting them (Sadri and Lees, 2001).

In a hunter-gatherer band (as I have observed firsthand) decisions are made by the whole band; the idea that there is a 'leader' who makes the decisions is quite foreign to them (Turnbull, 1993). Humans still cling to the idea of egalitarianism, except in times of great danger. The more we feel that we partake in decisions of the group—or the organization—the more loyal to it we are. This link between decision making and loyalty goes back a long way, so far it may well be genetic (Pennisi, 2014).

This is probably why transparent organizations like Southwest inspire more loyalty and commitment and are more financially successful than those that are not (Lockwood, 2007).

Fewer Mass Layoffs

Enterprises which have the fewest mass layoffs attract more employee (and customer) loyalty (Turnley and Feldman, 1999). Each layoff reduces trust among those who worked closest to the laid-off worker. If an organization has one or more mass-layoffs, then not only does the productivity of the remaining employees goes down, so do their trust and their loyalty (Cascio, 2002). One of the key elements of trust is what is called benevolent concern—the sense that a person is prepared to take a risk on your behalf. Mass layoffs show that management is not prepared to take that risk. It is very difficult to remain loyal under those conditions (Noer, 2009).

We were called in to work with a large US insurance company not long ago. They had recently merged with two other insurance companies in different states making them a significant player in the national market. Their problem was that the merger was not providing them with the financial return that they had envisioned, despite achieving a great number of synergies.

As a result of the merger, there were layoffs. In fact, about 7% of the total workforce was dismissed. On paper, they should have been making money, but they were not. In fact, they were rapidly becoming the least profitable company in the industry and the vultures were circling round.

We surveyed the level of trust and engagement in the organization and in its leadership. We conducted a number of in-depth interviews at all levels of the company, including external stakeholders such as independent brokers and customers. What we found was that internally there was little feeling of safety within the business, and little or no sense of mutuality of loyalty between management and staff. There had been no prior consultation either about the merger itself or about the resulting layoffs. The employees had no reason to promote the company, to be flexible, or to give any extra time or effort to the business. In fact, they did little other than send out resumes, resulting in some of the brightest and best employees leaving the corporation.

The Board brought in a new management team, including a new CEO. We worked with him

and the executive extensively over three years to raise the level of trust and engagement. He made sure that all staff were made aware and consulted when layoffs were contemplated. He got their commitment to him and to his leadership.

The higher level of commitment and loyalty within the company led to vastly improved customer service. The brokers were more enthusiastic about selling the company's insurance products and overall customer loyalty improved.

In the end, the company was sold to another major national insurer, but for billions more than it would have been just a few years earlier. A little loyalty goes a long way.

Be 'Lean'

Being constantly asked to increase productivity with fewer resources, while at the same time, witnessing no reduction in the perks and privileges—not to mention remuneration—of senior management, results in a loss of trust and loyalty on the part of employees.

So many employees complain about being asked to do more with less. Studies have shown that it is one of the main causes of staff dissatisfaction, a sense of unfairness and thus disloyalty (Kerr and Pauwels, 2014). But it does not have to be that way. Back in the 1980s, Toyota developed a philosophy of what was later to be called 'lean'. It was a way of identifying and eliminating waste and in particular, wasteful processes (Roos *et al.,* 1991).

It is manifestly unfair to ask people to do more work with less if it becomes obvious that the work they are being asked to do is unnecessary. Yet so much of it is. We were working with a large Australian construction company a few years back, and one of the things we were told over and over again by their Senior Managers was that they were being asked to produce a whole panoply of reports, many of which were never read. What is more there were strict deadlines as to when these reports had to be in and penalties for late delivery. Much of the time that they could have spent on more really value-added work was wasted. This is the very opposite of 'lean'.

We have also seen this waste in healthcare. In hospitals where we have worked, we have seen duplication and inattention to obvious causes of time waste—having medicines too far away from patients, duplication of services, undue distances from place to place and so forth. All of these situations cause complaints, lead to unnecessary 'work' and sometimes, an unfortunate lack of patience with patients. Many others have seen, and commented on, the same structural and process waste (Jimmerson *et al.,* 2005).

Lean has got a bad rap in some quarters because many enterprises have used it as a way to justify staff reductions, but the original philosophy is quite the opposite. Toyota saw it as a means of empowering employees and making sure that they could see the value in their work. In the case of Toyota, it led to fewer layoffs rather than more and to more loyalty and engagement (Bhasin and Burche, 2006).

Fewer Changes

Human beings do not like change. It goes through the same neural processors as physical pain (Keimpema *et al.*, 2014). Management often gets excited by new strategic or other initiatives. They fire up their employees and then, more often than not, they lose interest when other imperatives take their attention. In the end, employees get 'change fatigue' and shrug their shoulders with a "this, too, will pass" attitude. At this point, loyalty to, and engagement with, the business is lost.

An example of this change, fatigue comes from a major Australian bank that we worked with. We were asked to facilitate the introduction of

a new risk management system throughout the bank. We began our work, perhaps naturally, with the risk management department. There we found a wall of complacency, distrust and downright opposition to anything coming from management.

On closer examination, we found that there had been five major new risk management initiatives launched in the last three years. Each one was brought in with considerable fanfare and each one was forgotten by a management which always seemed to find something new to get caught up in. Though the staff was willing to go through the motions, we realized that this latest initiative was also doomed to failure. The risk department employees' attitude—from top to bottom—was completely different to the last time we worked with this group, when the bank was under a different CEO. The lack of loyalty to the company was now manifest.

One of the problems with most change initiatives is that they are usually, as with this one, handed down from the top with little consultation with those whose job it is to make the changes happen (Gill, 2002). Of course, there is often a reason to change an initiative or to institute a new one. The problem comes when there is too much change and too little explanation for the need for the change. If, at the same time, management takes its eye off the initiative ball, then people are bound to become demoralized. Trust in and loyalty to the organization and its leadership vanish.

Collectively, all these actions that leaders and management can take help to foster a sense of employee safety, and it is that, as I mentioned earlier, which is the neurogenetic key to employee loyalty within an organization.

Is Loyalty Dying?

The dearth of loyalty within enterprises, however, is not always just the fault of individual managements. There are changes going on in society at large—all industrialized societies—which are leading to the savage fall-off in overall corporate loyalty. It seems to me that there are two key elements to this: the rising fear of job loss and increasing inequality between rich and poor (and with it the disappearance of the middle class in many nations). All of these are leading to a pervasive feeling of resentment and lack of loyalty to the 'system' as such, and employers are seen as part of that system (Roseria, 2009).

I do not think it is possible for a business whose CEO is earning $7 or $10+ mn per year, plus unimaginable financial and other perks, to really be certain that its employees, some of whom are earning a small fraction of that, will be loyal. Most research shows that the CEO does not really care. It is called 'willful blindness' and it affects most people in high or powerful positions (Hefferman, 2012). There is a profound resentment growing against the vast inequality between those who make really obscene amounts of money and those who are seeing their real wages deteriorating (Wade, 2011). The group loyalty of a band, a pack or a company, is built on mutual understanding of each other's physical and emotional needs and the provision of joint safety. Employees no longer see their bosses, or even their supervisors, as part of their support network.

The employees of a particular enterprise may not initially see their boss as one of the obscene earners, but every day they are bombarded by media stories about how much corporate leaders are making and after a while, their own CEO will be seen in that light and the social resentment will color their view. Their loyalty to their own workplace will vanish.

Large and even medium-sized enterprises throughout the world are engaged in what I call a "race to the bottom". They are determined to run their firms and companies using the fewest

possible number of people, while at the same time, capturing the largest market share. The folly of this is obvious to everyone except them. The managements of these firms are fixated on the short-term goal of maintaining and increasing profitability and shareholder return which in turn dictate their own total remuneration.

The Canadian regional head of a large residential construction company described this issue neatly. "I was told that I had to get rid of 25% of our workforce in Ontario," he said. "I replied 'Sure, but who's going to buy our houses?'"

Most recent research has indicated that the world is racing towards an unemployment rate of between 65-75% as most of what we call work is mechanized, digitized and robotized (Kirkland, 2014). Perhaps the majority of workers realize that their jobs are, at best, temporary and sooner or later they will be made redundant. In this situation, there is not enough societal safety for employee loyalty to be established or maintained.

Smaller enterprises who can maintain their workforces and whose leaders are closer, in economic terms, to their employees will be able to maintain loyalty, assuming that they are able to run their businesses in a way which fulfills the neurogenetic needs of their workers. But they themselves are under great competitive pressure and although they are, collectively, the largest sources of employment in the developed world, this probably cannot last.

Overall, the trends visible in society are such that employee loyalty, like employee engagement, may well be a thing of the past. The irony is that at the same time technology is showing us that we do not need the workers we have, the science of behavioral neurogenetics is showing us how to run our companies and our firms in such a way as to engender the maximum level of loyalty in our workforces.

This dissonance is profound.

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'Why Us?' and 'Why Not Us?'
Determine the Direction and Purposeful Actions for Your Organization

Dan Coughlin*

Understanding your current business is the starting point for improving the direction of your business. You have to know where you are now in order to determine how you can improve it. You will start to see not only what you do well for your desired customers, but also why your desired customers should probably choose another alternative for a variety of reasons. You will see what makes you unique, but you will also see what you do that is not unique at all and where other options are really better than yours. The more you dig into answering these questions, the more you will see what you want to keep the same and what you will have to change in order to provide something that is uniquely valuable to your desired customers that will cause them to stay with you or come to you.

Replacing "Vision, Strategy and Tactics" with "Understanding, Direction, and Actions"

In this paper, I am going to avoid using the word strategy.

It is tough to use a word when it has so many different meanings. Over the past 20 years, I have read dozens of books and articles on strategy and have had dozens of conversations with senior executives in many different businesses and industries, from small businesses to medium-sized businesses to *Fortune* 100 companies, about strategy.

Here is the odd thing. These conversations had very, very little in common. As far as I can remember I have never heard two people define strategy the same way or use the same approach to developing their strategy or use their strategy in exactly the same way in making decisions.

Instead of saying vision, strategy and tactics in this paper, I am going to use these three words: understanding, direction, and actions. Here are the steps in this approach:

- Understand the customers you want to serve and how you are or are not adding value to them right now.

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- Clarify the direction you want to go in terms of the specific value you will deliver to your desired customers and the values you will demonstrate in that delivery.
- Refine your direction by clarifying what you will do in terms of connecting your organization's activities to each other and to the value you want to deliver to customers.
- Establish the efforts you will take to strengthen your brand in this customer value area.
- Determine how you will innovate in ways that fit with your desired direction over the long term and do so in a way that allows you to increase your prices and/or decrease your costs.
- Plan purposeful actions for the next 100 days that support the creation and delivery of that specific value for your customers.

I am going to ask you to answer six questions. Here are the questions, and then I will go through each one of them in more depth.

Understanding

1. Why us and why not us? (Understanding)

Direction

2. Who are our desired customers and what value do they really want or need to receive that we are capable of delivering in a unique way? (Clarification)
3. What activities will we do in our business to deliver that specific value to customers and how do these activities connect to each other? (Connections)
4. How will we reinforce in the minds of our customers that they receive this particular value from us, and how will we gain entry into the minds of our prospective customers that they can gain this particular value from us? (Branding)
5. What will we do to improve the creation and delivery of this particular value for our customers that will allow us to increase our prices and/or decrease our costs? (Innovation)

Actions

6. Based on what we want to do in the areas of connections, branding, and innovation, what specific actions will we commit our time and resources to actually do this year, and what will we not do this year? (Planning)

Understand Your Current Business

The process of determining the direction of your business begins with a single question:

Why Us and Why Not Us?

Ultimately, people choose to buy or not to buy from your organization based on value and values: the value you deliver toward helping them to achieve something and the values you demonstrate in delivering that value.

This question forces you to look at your business from the perspectives of your current and potential customers both today and in the future. Answering it can be both exciting and very humbling. Do not start by writing what you want success to look like. Far too many people write a vision statement of what they want in an ideal world without an understanding of what their desired customers want in the real world.

Instead really think about your business from the perspective of your customers and prospective customers. After you see why they do and do not buy from you, you will begin to see an area for your business to operate in. From that you will begin to formulate what success could look like in the future.

The Present

Here are a few questions I encourage you to discuss with other leaders in your organization:

"Who buys our products and services? Why do they buy them?" After you write down what you hear, ask, "Okay I wrote that down, but why

else do they buy our products and services?" Pause and be patient. Then write down what they say. Repeat the question several more times.

In the beginning of your conversation, your group will probably land on some aspects of your business that should not change. These are the value and values which have helped your business to be successful up to this point. However, at some point during the discussion, your group will run out of reasons for why customers choose your products and services and will start to see what your organization does that is just like several other companies and what it does that is not as good as some aspects of your customers' other alternatives.

Maybe the other alternatives are more convenient, more reliable, longer-lasting, more impactful, easier to work with, or less expensive than you. This is valuable information. You want to know from your customers' perspective what is special about you, what is mediocre, and what pales in comparison to other organizations they can buy from to achieve what they want.

To further your understanding of your current business, ask your group these questions:

"Who would buy our products and services if they knew more about them?" This question opens up a greater understanding of your brand. "Why would they buy them?" Pause, listen, write, and then ask, "Why else would they buy them?" Repeat several more times. You will begin to see further the strengths and the weaknesses in what you have to offer.

Then examine the customers who do not buy from your organization even though they know about your products and services. Walk your group through these questions:

"Why are our desired customers not buying from us even though they know about us?" Pause, listen, write, and then ask, "Why else are they not buying from us?" Repeat several more times. This will help you to understand where you can either execute or innovate more effectively.

Of course, the best sources of answers to these questions are your customers and prospective customers. Listen to your customers and your prospective customers, observe them in action, and get to know some of them really well. The most important step in improving the direction of your business is to understand what your customers and prospective customers are thinking and feeling.

The Future

You can even extend this question into the future by asking your group of leaders this question, "If we don't change what we're doing today, who will be buying from us five years from now and why will that be happening?" This can be another wake-up call question that forces you to think from the perspective of your customers and prospects about how you need to execute and innovate more effectively.

Understanding your current business is the starting point for improving the direction of your business. You have to know where you are now in order to determine how you can improve it. You will start to see not only what you do well for your desired customers, but also why your desired customers should probably choose another alternative for a variety of reasons. You will see what makes you unique, but you will also see what you do that is not unique at all and where other options are really better than yours. The more you dig into answering these questions, the more you will see what you want to keep the same and what you will have to change in order to provide something that is uniquely valuable to your desired customers that will cause them to stay with you or come to you.

The more honest you are in answering these questions, the more effective your organization's planning of purposeful actions will be in the years

to come. There are multiple forces at work toward keeping the profits of any company as low as possible. For a great explanation of these, I encourage you to read chapter two called "The Five Forces: Competing for Profits" in Joan Magretta's book, *Understanding Michael Porter*.

In order to overcome these forces, it is tremendously important to understand what is of great value to certain people that your organization can deliver, and then to hone and continually improve the creation and delivery of that value to those people.

Determine Your Company's Desired Direction

This is the crucial moment for moving forward effectively. You have to decide on the specific value you want to be known for delivering to certain customers and the specific values you want guiding the creation and delivery of that value. This is just as much about choosing what you do not want to be known for as it is about choosing what you do want to be known for.

Any time we talk about direction we have to start with a question. You do not go on a family vacation and head in a direction. You start with a question, and the question is, "Where do we want to go and why do we want to go there?" Once that is answered, everything else starts to fall into place and you end up with a sense of direction. For example, your next questions might include "What do we want to do?" and "What do we want to see?"

Clarify the Specific Value Your Organization Will Create and Deliver to Your Customers

Regarding your business, the basic question you want to ask is,

Who are our desired customers and what value do they really want or need to receive that we are capable of delivering in a unique way? (Clarification)

You may not be delivering this type of value right now, and that is okay. You have to decide on a direction for your organization, which might be similar to where you are now or it might be quite different.

You can clarify the direction of your business by filling in this blank:

Our desired customers are _____ and they will buy from us because of _____, _____, and _____.

You might have more than three reasons why they will buy from you, but make sure your answers are not generic answers that any company in your field can say. Otherwise, you will always be competing on having the lowest price.

You want specific reasons why you stand out in the crowd of choices that your desired customer can choose from. This is a relatively simple and incredibly difficult and important step. Until you know why your desired customers are going to buy from your organization in both the short term and the long term, you cannot effectively determine what activities to connect together, what brand you want to build, or where you can innovate. Once you fill in those blanks, you are ready to move forward as an organization in an effective way.

I believe this is the step where most mistakes are made. Companies do not really clarify the specific value they will deliver to certain customers. When the answer is vague or extremely broad, the people in the business end up doing a lot of things that do not connect together and do not create anything special for the customer. I encourage you to invest sufficient time and discipline into crafting a very clear and specific answer to this assignment. It is not about being number one in your industry or world-class or any of the sexy statements that pop up all over vision statements. It is about clarifying a specific value that you will deliver to a specific type of customer.

Strengthen the Connections Both Between the Activities in Your Business and with the Value You Want to Deliver to Customers

Now that you and the members of your group have clarified the value you want to deliver to certain types of customers, the next step is to consider how you are going to accomplish it.

What activities will we do in our business to deliver that specific value to customers and how do these activities connect to each other? (Connections)

Take out a sheet of paper and write down the activities your organization will need to do in order to create and deliver the specific value you want to provide to your desired customers. Be very deliberate about this. Do not skip over any of the activities you will need to do, and do not include any activities that do not help to create and deliver this specific customer value, even if you have done them for years in your organization.

This question will force you to make some very hard decisions. You will have to focus on a few things, which will require you to sacrifice a wide variety of paths that you could take. This is not a onetime exercise. This should become part of your ongoing thought process: which activities should we stop doing that no longer support the value we want to be known for delivering, which activities should we start doing, and which activities should we continue to do?

After you have created your list of activities to actually do, look at each of them as a piece in a jigsaw puzzle. Look at how they connect to one another. Are there ways that you can improve the connections between the pieces in order to create and deliver the specific customer value with higher quality or in ways that will reduce your cost of creating and delivering that value? With higher quality, could you increase your prices? With lower costs, could you keep the price the same and increase your profits? Or could you lower the price, increase volume, and increase profitability? Ultimately, a business plan should help your organization generate sustainable profitable growth.

This work of constantly looking at the connections between the activities in your business and the connections between the activities and the value you want to create and deliver to customers is very important. If you maintain discipline, you can keep finding ways to enhance quality and increase efficiency in the creation and delivery of that value. It might also mean that you will need to let go of old activities on a regular basis.

How will we reinforce in the minds of our customers that they receive this particular value from us, and how will we gain entry into the minds of our prospective customers that they can gain this particular value from us? (Branding)

This question is about branding. As you create and deliver value (execution), you will also need to proactively work to strengthen your brand. Your brand is not something you control because it exists outside of your business and inside the minds of your customers and potential customers. You can make intentional efforts to work toward strengthening your organization's brand. This question connects to your entire business: operations, people, sales, and marketing. The more effectively you can communicate to your customers and prospects the value they receive or will receive from your organization, the better your chances are of strengthening your brand.

What will we do to improve the creation and delivery of this particular value for our customers that will allow us to increase our prices, decrease our costs, and/or profitably increase the volume of our sales by lowering our prices? (Innovation)

This question is all about innovation, and this question will lead you into customer research,

creating prototypes, small-group testing, large-group testing, and rollout of new or enhanced products and services. Clarifying the innovations you will pursue this year should be part of every organization's annual planning process. To make this step even more challenging, you ultimately will want to create more appropriate value for your customers while reducing the cost of creating and delivering that value. This requires significant thinking time. If you do this successfully, you will be able to raise your prices because customers will be getting more value for their investment, decrease the cost of running your business, or profitably increase the volume of your sales by lowering your prices.

Planning Purposeful Actions

The point of planning your actions is to convert your organization's direction into a reality. This means executing today the way you want to execute, building brand recognition that helps you to retain current customers and attract new ones, and creating even more appropriate value for your desired customers in the future through innovation so that they will continue to stay with your organization and attract even more new customers.

Know Your Objectives and How You will Measure Success

Each of these areas (connections, branding, and execution) will need clear objectives and time frames, and you will need to know how you will measure success. These are important as you move throughout the year in order to know whether or not you are making the type of progress that you want to make.

Notice that these goals are internally- and customer-focused, but are not comparing you directly to any specific competitor. I encourage you to focus on mindshare rather than on market share. Mindshare focuses on the value customers think in their own mind that they have received from you. Market share focuses on how you compare to your competitors. However, if you are creating unique value for your customers, then how can you compare your performance to a competitor? Keep your focus on the relationship between your organization and your customers rather than on the competition with another organization. You are not competing to beat your competitor. You are creating value for your customer to generate sustainable profitable growth. This is a very important distinction.

Commit to Specific Actions and to Specific Sacrifices

The key here is be very clear about what you intend to do and what you intend not to do.

Based on what we want to do in the areas of connections, branding, and innovation, what specific actions will we commit our time and resources to actually do this year, and what will we not do this year? (Planning)

Now reality has hit home. You have to commit to do something, and you cannot do everything. This means you have to plan to do some things, and you also have to plan to stop doing other things and say no to other possibilities. I suggest you take out a piece of paper and write down these three words: connections, branding, and innovation. Under connections write down a few bullet points on what your organization will commit to doing this year to create and deliver the specific customer value you want to be known for delivering. Also, write down what you will stop doing so you have the time and the energy to commit to doing what you have committed to doing. Repeat that process for branding and innovation.

You now have planned purposeful actions in the three key areas of your business: connections, branding, and innovation. Your

actions were derived from an understanding of your current business based on why certain people either buy from you or do not buy from you. You want to generate sustainable profitable growth. This will only happen when you create value that really matters to certain people who have the ability to pay for it, the value you are offering is more unique than anyone else's, you have worked to optimize the connections between the activities you do to create and deliver that value, you have consistently focused on strengthening your brand of delivering this specific value, and you continually work to improve the creation and delivery of that particular customer value.

Five Causes of Organizational Failure

Despite the best efforts in business planning, organizations can fail to achieve the progress they want. Here are five causes that I have seen ruin an organization's potential success.

Lack of Understanding

They did not do enough homework to understand what the customer really wants or needs, what other organizations had to offer, and what they really were capable of creating and delivering.

Lack of Clarity

They did not land on a clear description of the specific value they would offer to specific customers. Consequently, they poured in a lot of time, money, and energy in an inefficient way. They never penetrated any specific part of the marketplace.

Lack of Sacrifice

They never stopped doing anything they had been doing, but they added new activities in an attempt to deliver the specific customer value that they wanted to be known for. Consequently, they were never able to give the new activities their full attention. Again, their time, money, and energy were dispersed over too many disconnected activities that were trying to deliver value to customers in a wide variety of ways. They tried to be great at everything and ended up not being very good at anything.

Lack of Innovation

They started at a basic level in a specific area of customer value, but they never got better at it and then other organizations started to pass them by.

Lack of Patience

They expected success to happen overnight even though they were trying to deliver a more specific type of value than they had ever done so in the past. Sometimes, they gave up on the direction they chose, and then shot off in another direction, only to give up on that one as well and go in another direction. It takes time to get really good at and to become really well-known for delivering a certain type of value to a certain type of customer. It is important to keep your costs as low as possible as you get better and better at delivering that specific value you have chosen to deliver to certain types of customers.*

Reference # 03M-2014-12-07-01

* **Five really good books on strategy**: *Understanding Michael Porter* by Joan Magretta; *Elevate* by Rich Horwath; *Management* by Peter Drucker (specifically chapters nine and ten); *Entrepreneurial Leadership* by Jim Collins (specifically chapter three); and *Blue Ocean Strategy* by Chan Kim and Renee Mauborgne.

Leadership

ISRO's Amazing Accomplishments: An Analysis

GRK Murty*

Indian Space Research Organization (ISRO)—the primary space agency of Government of India—was established in 1969 with an objective to develop space technology and its application to various national tasks. It has operationalized Indian national satellites to offer communication services and remote sensing satellites to map natural resources. Simultaneously, it had also developed launch vehicles—Polar Satellite Launch Vehicle (PSLV) and Geostationary Satellite Launch Vehicle (GSLV)—for placing the satellites in the orbit. Over the years, ISRO has pocketed several accomplishments to its credit, including the moon mission, the Space Capsule Recovery Experiment and the latest Mars Orbiter Mission. No other governmental institution has credited itself with such an amazing streak of success. An attempt has been made here to trace the underlying reasons for such high success rate.

Indian space research activities can well be traced to the early 1920s when S K Mitra, a scientist from Calcutta, conducted experiments leading to the sounding of the ionosphere by application of ground-based radio methods. By 1940s, space research had graduated into balloon-borne experiments. The real momentum leading to organized space research had, of course, emanated from the active research undertaken by Vikram Sarabhai from Physical Research Laboratory (PRL), Ahmedabad and Homi Bhabha from the Tata Institute of Fundamental Research (TIFR), Bombay in 1945. Initially, the experiments were centered around studying cosmic radiation, high altitude and airborne testing of instruments, deep underground experimentation in one of the deepest mining sites in the world, Kolar mines, studies of the upper atmosphere, etc. It is however, with the establishment of Department of Atomic Energy (DAE) with Homi Bhabha as its founder secretary in 1950 that the formal funding of space research commenced that obviously encouraged universities too to study various aspects of meteorology and earth's magnetic field.

Against this backdrop, an attempt has been made here to trace the incredible accomplishments of ISRO that today stands out as the most successful scientific institute in the country and analyze how a government-owned institute could steer itself through such an

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amazing streak of success, that too, in an ever challenging environment of space technology and bring laurels to itself and the nation. The rest of the paper is organized thus: I – Tracing the Establishment of ISRO; II – ISRO: Organizational Setup; III – ISRO's Accomplishments; IV – Role of Leadership Behind ISRO's Amazing Success; and V – Discussion and Conclusion.

I. Establishment of ISRO

It is said that prompted by the successful launching of Sputnik by the then Soviet Union in 1957, Prof. Sarabhai successfully convinced the Government of India about the importance of a space research program for India. As a result, in 1961, Government of India entrusted the task of studying various aspects of space research and its peaceful uses to the DAE. In 1962, DAE set up Indian National Committee for Space Research (INCOSPAR) with Sarabhai as the chairman to organize a national space program. And it is with the establishment of INCOSPAR that the modern era of space research formally began in India.

Immediately after its formation, INCOSPAR identified Thumba, near Thiruvananthapuram—the site, over which, the geomagnetic equator of earth passed—and established the Thumba Equatorial Rocket Launching Station (TERLS) to launch sounding rockets to carry out meteorological and upper atmospheric research. It is on the historical day of November 21, 1963 that the rocket-based space research—measuring the equatorial electrojet parameters; studying upper atmospheric phenomena, cosmic rays and energetic X-ray and gamma rays—began in the country with the firing of Nike Apache, the imported rocket from the US, from the TERLS, Thumba.

Realizing the importance of developing indigenous competence in space technology, Sarabhai established Space Science and Technology Center (SSTC) in Thumba to work on rocket technology. Later, sponsoring TERLS as an international sounding rocket launching facility, India formally dedicated it to the United Nations (UN) on February 2, 1968 at the hands of the then Prime Minister of India, Indira Gandhi. At the dedication ceremony, Sarabhai elaborated India's vision for space research thus: "We do not have the fantasy of competing with the economically advanced nations in the explorations of the moon or the planets or manned space flight. But we are convinced that if we are to play a meaningful role nationally, and in the community of nations, we must be second to none in the application of advanced technologies to the real problems of man and society, which we find in our country."[1] By dedicating TERLS to the UN, Sarabhai had ensured that the young Indian science community had the benefit of rubbing shoulders with scientists from several countries such as the USA, USSR, France, Japan, West Germany and UK who have utilized and continued to utilize the TERLS facility for conducting rocket-based experiments.

In 1969, DAE reconstituted INCOSPAR as an advisory body under the India National Science Academy (INSA) and established the Indian Space Research Organization (ISRO) as the prime institution of the government to develop space technology and its application for national interests and Sarabhai became its first Chairman. Later, Government of India constituted the Space Commission and established the Department of Space (DOS) and brought ISRO under DOS on June 01, 1972. The Space Commission formulates policies and oversees their

[1] www.isro.org/vision.aspx

implementation, while DOS gets the policies implemented through ISRO and other institutes by providing necessary financial support.

II. ISRO: Organizational Setup

Over the last five decades, ISRO, gaining considerable mastery over the ever challenging task of developing space technology and its utilization, has graduated from experimental and demonstration phases to an operation era by offering its potential to address the national needs.

It has become largely self-reliant to design and build satellites that can provide vital services like telecommunications, television broadcasting, meteorological forecasts, disaster management support and natural resources survey, and launch them using indigenously designed and developed launch vehicles. All of this has been achieved through a string of amorphous institutions that are welded together into a dynamic structure capable of producing results time and again. Some of the important units are listed hereunder along with their main responsibilities:

- **Vikram Sarabhai Space Center (VSSC)** at Thiruvananthapuram is the ISRO's lead center for launch vehicles. It undertakes design, development and integration of satellite launch vehicles for various missions. It is engaged in technology development, qualification and realization of various subsystems; development of avionics, control systems, aeronautics and solid propulsion. It undertakes advanced R&D pertaining to satellite launch vehicles to ensure self-reliance in launch vehicle technology and spacecraft subsystems for ISRO's satellite program.
- **ISRO Satellite Center** at Bengaluru is engaged in the development of satellite technology for scientific, technological and application missions. Accordingly, it is divided into five functional units: mechanical systems area, including thermal systems and spacecraft mechanisms; digital and communications area; integration and power area; and controls and mission area. It also offers facilities to test and ensure that the subsystems and systems match the requirements of space environment. It has so far developed more than 50 satellites such as scientific, communication and remote sensing satellites.
- **Space Vehicle Launch Center** at Sriharikota has two launch pads offering necessary infrastructure for launching satellites into low-earth orbit, polar orbit and geostationary transfer orbits. It also provides complete support for vehicle assembly, fueling, checkout and launch operations. It also facilitates launching of sounding rockets to study the earth's atmosphere.
- **Space Applications Center** at Ahmedabad is one of the major centers of ISRO playing a vital role in harnessing space technology for a wide variety of applications for societal benefits. Primarily responsible to design and develop payloads, societal applications, capacity building and space sciences. It carries out several application programs like mapping natural resources, weather and environmental studies, disaster monitoring, etc. It indeed creates a synergy of technology, science and applications.
- **National Remote Sensing Agency (NRSA)** at Hyderabad acquires and processes remote sensing satellite data

and disseminates to the user organizations. It provides disaster management support services. It also undertakes execution of remote sensing application projects in collaboration with the users.

- **Liquid Propulsion Systems Center (LPSC)** operates from two centers: Valiamala center researches development of Earth Storable and Cryogenic propulsion, engines along with associated control systems and components for launch vehicles and spacecrafts. Bengaluru center undertakes integration of satellite propulsion systems with GEOSAT and IRS programs. It designs and develops monopropellant propulsion system, system engineering, transducer and spacecraft propellant tanks. It also researches into development of electric propulsion system, propellant gauging system for spacecraft, advanced transducers, etc.
- **ISRO Propulsion Complex (IPRC)** at Mahendragiri offers infrastructure support for critical activities like assembly, integration and testing of earth storable propellant engines for Polar Satellite Launch Vehicle (PSLV), Geosynchronous Satellite Launch Vehicle (GSLV) and GSLV MKIII launch vehicles; assembly, integration and testing of cryogenic engines and stages for GSLV and GSLV MKIII launch vehicles; high altitude testing of upper stage engines and spacecraft thrusters; automatic testing of various subsystems of launch vehicles and satellites; structural test facility for pressurized hardware up to 5 m diameter, etc. It also produces cryogenic propellants for cryogenic rocket programs.
- **ISRO Telemetry, Tracking and Command (TTC) Network** headquartered at Bengaluru, with TTC ground stations at Bengaluru, Lucknow, SHAR (Sriharikota), Thiruvananthapuram, Port Blair Island, Brunei, Biak (Indonesia) and Mauritius, offers TTC support services for the launch vehicle and low-earth orbiting spacecraft and deep space missions of ISRO and other space agencies around the world.
- **Master Control Facility** at Hassan facilitates monitoring and control of all the geostationary satellites of ISRO. It carries out operations meant for initial orbit raising of satellites, in-orbit payload testing, and on-orbit operations throughout the life of these satellites. Also, continuously tracks and commands satellites, carries out special operations like eclipse management, station-keeping maneuvers, etc.

Besides these major centers, there are several other units, agencies, facilities and laboratories that are spread across the country such as Physical Research Laboratory (PRL), National Atmospheric Research Laboratory (NARL), North Eastern-Space Applications Center (NE-SAC) and Semi-Conductor Laboratory (SCL) which cater to the needs of ISRO's programs. There are also many private corporates that are roped in to fabricate supply of essential materials/fabricate parts that go into the assembling of launch vehicles, spacecrafts, etc. from time to time as the program demanded.

III. ISRO's Accomplishments

"Indians are very proud of the 'constellation' of more than a dozen of the country's satellites in orbit, a feat performed on, what the well-known United States-based magazine *Aviation Week and Space Technology* called a few years ago, a 'shoestring'

Exhibit 1: ISRO – Chronology of Important Achievements	
1963	The first sounding rocket was launched from TERLS on November 21.
1965	Space Science and Technology Center (SSTC) was established in Thumba.
1967	Satellite Telecommunication Earth Station was erected at Ahmedabad.
1969	Indian Space Research Organisation (ISRO) was created in the DAE.
1971	Sriharikota (AP) rocket launching station established.
1972	The government established the Space Commission and the Department of Space (DOS) in June. DOS reports directly to the Prime Minister.
1972	ISRO placed under DOS on June 1.
1975	ISRO made a government organization on April 1.
1975	Aryabhata, the first Indian space satellite, was launched for India on April 19.
1979	Bhaskara-I, an experimental satellite for earth observations, launched on June 7.
1979	The first experimental launch of an SLV-3 rocket on August 10 failed to place its Rohini Technology Payload satellite in the orbit.
1980	On July 18, India successfully launched its own Rohini-1 satellite with an indigenously developed Satellite Launch Vehicle (SLV) rocket from the Sriharikota launch station.
1983	Rohini-3, communications satellite, was launched in August to offer nationwide television coverage.
1984	Squadron Leader Rakesh Sharma, a 35-year-old Indian Air Force pilot, became the first Indian cosmonaut, the 138th man in space when he spent eight days aboard the USSR's space station Salyut 7.
1987	The first developmental launch of a larger Augmented Satellite Launch Vehicle (ASLV) rocket on March 24 failed to place its SROSS-1 satellite in the orbit. However, it could lift a 300-lb satellite to an orbit 250 miles above earth.
1988	The second developmental launch of an ASLV in July also failed. However, the subsequent third and fourth attempts were successful.
1992	The Indian-built INSAT-2 geostationary communications and meteorological satellite superseded an American-built INSAT-1.
1993	Polar Satellite Launch Vehicle (PSLV) debuted in September, but failed to attain orbit.
2001	The first launch of Geosynchronous Satellite Launch Vehicle (GSLV) rocket was successful on April 18.
2002	Launch of Kalpana-1 satellite on board a PSLV rocket.
2003	Launch of GSAT-2 on board GSLV and Resourcesat-1 by PSLV.
2004	Launch of EDUSAT by GSLV's first operational flight.
2005	Second launch pad was commissioned at Sriharikota. Launch of Cartosat-1 and Hamsat by PSLV.
2006	Second operational flight of GSLV with INSAT-4C. For the first time, an Indian rocket carried a communication satellite. But the mission failed.
2007	Launch of Cartosat-2 with Space Capsule Recovery Experiment and two foreign satellites and successful recovery of the space capsule. Launch of Italian satellite AGILE by PSLV and INSAT-4CR by GSLV.

Exhibit 1 (Cont.)

2008	Launch of Israeli satellite Tecsar by PSLV. Launch of two Indian and eight foreign satellites by a single PSLV. India's first moon mission Chandrayaan-1 by PSLV.
2009	Launch of Radar Imaging Satellite (RISAT-2) and ANUSAT from Anna University (first satellite from an Indian university) by PSLV. Launch of seven satellites by PSLV, including India's Oceansat.
2010	Failure of two GSLV missions. Launch of Cartosat-2B, STUDSAT and three small foreign satellites by PSLV.
2011	Launch of Resourcesat-2 and two small satellites by PSLV. Launch of GSAT-12 by PSLV. Launch of Megha-Tropiques and three small satellites by PSLV.
2012	Launch of RISAT-1 by PSLV. Launch of French satellite SPOT 6 and Japanese satellite Proiteres.
2013	Mars Orbiter Mission, India's first interplanetary probe to Mars was launched successfully by PSLV-C25 on November 05, 2013.
24-9-2014	Spacecraft successfully enters Martian Orbit and captures first image of Mars.
Source: http://www.isro.org/scripts/milestones.aspx	

budget"[2], said Roddam Narasimha, Director of the National Institute of Advanced Studies, Bengaluru. And that is what keeps ISRO on a high pedestal in the eyes of every Indian. For, who would not be proud of an institution that carried a 700 kg French satellite and a 15 kg Japanese student satellite into space through its PSLV rocket.

Commenting on ISRO's Mangalyaan success, American weekly news magazine *Time*[3] said: "Nobody gets Mars right on the first try. The US didn't, Russia didn't, the Europeans didn't. But on September 24, India did. That's when the Mangalyaan … went into orbit around the Red Planet, a technological feat no other Asian nation has yet achieved." The Mars spacecraft that costed ISRO US$74 mn, has been called by *Time* as "The Supersmart Spacecraft." And it picked up ISRO's Mars Orbiter Mission for inclusion among the 25 best inventions of 2014 that made "the world better, smarter and—in some cases—a little more fun."

There are of course, critiques who question ISRO's extraterrestrial projects a waste of money, for two-fifths of children in India remain stunted from malnutrition. But space programs help us put satellites into Earth orbit to better our communications, better our abilities to monitor weather behavior that ultimately benefit common man immensely. For instance, *Economist*[4] states that a fierce cyclone that hit India's east coast in the last month of 2013 killed few, whereas a similar-strength one in the same spot, in 1999, killed over 10,000. And the reason for it is: Indian weather satellites helped to make possible far more accurate predictions of where and when the storm would hit.

To sum up the accomplishments of ISRO and the general good it did for spreading the scientific temper across India that our first Prime Minister

[2] "Dr. Roddam Narasimha", *Frontline*, Vol. 19, No. 3, 2002.

[3] *Time*, Vol. 184, No. 21-22, 2014, p. 66.

[4] http://www.economist.com/blogs/economist-explains/2013/11/economist-explains-0

wished for, it makes great sense to quote here what Dr. Mayank Vahia, Scientist, TIFR said in his reply to a question, "How do you summarize the development and changes in Indian science education compared to 25 years back?": "I think India has made great strides. In the 1980s, we had to go to USA to conduct space studies (and I was involved in an experiment on Space Station in 1986), then we could send instrument up on Russian satellites. Now we are completely self-sufficient. If you have a good idea and are willing to pursue it with vigor, you can do it from India."[5]

IV. Role of Leadership Behind ISRO's Amazing Success

It is always difficult to identify all the reasons behind the success of any institution and particularly, it is all the more difficult to carry out such an exercise when it comes to evaluating a government institution. Nevertheless, often, leadership emerges out as the most obvious reason, for whenever there is an objective to be achieved or a task to be carried out by more than one person, leadership—"activity of influencing people to strive willingly for group objectives"; "interpersonal influences exercised in a situation and directed through the communication process, towards the attainment of a specialized goal or goals"—automatically makes its presence felt. As an effective conductor of a symphony, a leader strives to build an "expression of a harmonious and effective unity" and also make it "a going affair" in an organization so as to "orchestrate the energies of people around" him towards the goal. The criticality of leader and leadership for a successful journey of any institution can be gauged from what Peter Drucker once said: "The most critical people decision, and the one that is hardest to undo, is the succession to the top."[6]

Ever since ISRO was established, a galaxy of scientists/technocrats headed it as chairman offering right leadership from time to time (see Exhibit 2).

We shall now take a critical look at the role played by the successive leaders in sustaining such a high rate of success in ISRO for almost more than half a century, making it a visionary institution of the Government of India.

Vikram Sarabhai: The Founder Chairman Who Laid a Strong Foundation for 'Achievement-Culture' in ISRO

In 1962, Prof. Vikram Sarabhai, having been invited by Prime Minister Nehru to organize India's space research[7], founded India's space program. While the superpowers were developing

Exhibit 2: ISRO – Chairmen

Vikram Sarabhai	1963-1972	9 years
M G K Menon	Jan. 1972- Sept. 1972	9 months
Satish Dhawan	1972-1984	12 years
U R Rao	1984-1994	10 years
K Kasturirangan	1994-August 27, 2003	9 years
G Madhavan Nair	Sept. 2003-Oct. 29, 2009	6 years
K Radhakrishnan	Oct. 30, 2009	incumbent

[5] http://indianspacestation.com/research/interviews/705-in-conversation-with-prof-mayank-vahia

[6] Peter F Drucker and Joseph A Maciariello (2004), *The Daily Drucker: 366 Days of Insight and Motivation for getting the Right Things Done*, HarperBusiness.

[7] Aravind Gupta, Indian National Science Academy, pp. 111-114.

space technology for strengthening their military power, Sarabhai, as the founder Chairman of INCOSPAR dreamt of a unique space program for India: using satellites for mass education, for developing communication, weather forecasting and mineral prospecting. He drew up plans to transmit education to remote villages across India with the Satellite Instructional Television Experiment (SITE). Drawing vision by itself, of course, would not deliver results; they need to be executed and Sarabhai—a man of multifaceted character—initiated right action to translate the vision into reality with utmost passion. His innovative ideas coupled with his "excellent sense of economics and managerial skills" helped him align the workforce towards the organizational vision and accomplish success.

A Creative Leader

In 1962, COSPAR had pointed out that "The equatorial region has special scientific interest for meteorology and aeronomy. In particular, the magnetic equator is highly significant in the investigation of the Earth's magnetic field and the ionosphere". Now, driven by this observation of COSPAR and considering that the equatorial electrojet phenomena, confined to a narrow region over the magnetic equator that passes through South India, Sarabhai decided to establish the Equatorial Rocket Launching Station (TERLS) at Thumba, near Thiruvananthapuram, for carrying out aeronomy and astronomy experiments. But Sarabhai encountered the problem of acquiring the piece of land that he and his team found ideally suited for carrying out the electrojet research, for the place is populated by fishing folks. There was also an ancient prayer house within the area: St. Mary Magdalene Church. The political system being what it was, the Kerala government expressed its inability to allocate the said land for the project.

Sarabhai, being what he was, did not give it up. He, along with his team went to Rev. Father Peter Bernard Pereria and obviously explained him how important it is for the nation, for the cause of very science to establish the proposed research station in that very premises, while promising to build within a year near the sea coast alternative facilities to the existing. Listening to Sarabhai, Rev. Father asked him to come to church on Sunday morning. Narrating the event, Dr. Abdul Kalam[8] said that the Bishop, explaining the scientist's work and his request for the abode of the fisher folk, abode of the Rev. Father and even the abode of the God to carry out a great scientific mission, asked them, "Dear children, can we give our and our God's abode?" As Kalam shared, after a total silence, everyone stood up and said in chorus, "Amen".

Thus the church became the design and assembly center for rockets of the initial Indian space program, while Bishop's residence became working space for the scientists. It is the perseverance and innovative approach of Sarabhai that ultimately led to the establishment of Thumba TERLS at the very place where the science wanted it to be.

Later, convinced of the need to develop indigenous competence in space technology to realize the immense benefits likely to accrue from space research in the fields of communication, education and management of natural resources, Sarabhai established the

[8] www.abdulkalam.com – Address and interaction with students at Judge Business School, University of Cambridge, UK, June 9, 2009.

Space Science and Technology Center in Thumba, which after the sudden demise of Sarabhai, rechristened as Vikram Sarabhai Space Center that ultimately gave the nation its launch vehicles that carried India's flag into the Mars orbit even.

Sarabhai, a Visonary Leader

Peter Drucker (2004) commented that "nothing may seem simple or more obvious than to know what company's business is." He goes on to say: 'What is our business?' is almost always a difficult question and the right answer is usually anything but obvious. For, according to him, it is to be answered only by looking at the business from the outside, from the point of view of the customer and the market.

And in the case of ISRO, it is to be defined from the point of view of taxpaying citizen and the nation. That's what Sarabhai exactly did: He drafted a shining vision for ISRO: "A positive approach out of our predicament lies in finding solutions where the particular disadvantage of developing nations, which is that they have little to build on, is made an asset rather than a liability. It is necessary for them to develop competence in advanced technologies and to deploy them for the solution of their own particular problems, not for prestige, but based on sound technical and economic evaluation involving commitment of real resources." He then so earnestly and meaningfully institutionalized it that it was and is fully shared by the successive leaders and their followers too. For, "it is a vision meant for enabling India to leapfrog into the future through the adoption of appropriate technologies", said Dr. U R Rao, the former Chairman of ISRO. It is no wonder if his vision continues to be the guiding light of our space program even today.

The Ardent Institute Builder

His craving to extend the benefits of science to all aspects of socioeconomic development of India made him an ace institute builder: he was instrumental in nurturing 30 institutions—both in public and private sectors. Soon after his returning from Cambridge with PhD and at a very young age of 27 years, he had established the PRL in November 1947 in Ahmedabad with the donations collected from his parents, industrialists and other philanthropists. With K R Ramanathan as the founder director of PRL and small group of young research students like Rao and others, Sarabhai built up PRL into an outstanding institution dedicated to fundamental research in cosmic rays, aeronomy and space sciences. Under his visionary stewardship, PRL has indeed become a cradle of India's space program.

In 1963, he formed the Group for the Improvement of Science Education (GISE) in the same institution, which later became a part of the Nehru Foundation for Development. In 1966, he established the Community Science Center in Ahmedabad with an objective to create interest in science and to promote experimentation among students, teachers, and the public.

He had also established Ahmedabad Textile Industry Research Association (ATIRA) at Ahmedabad to function as a think tank for the development of textile industry under his guidance. He had also established Indian Institute of Management (IIM), Ahmedabad, to make efficient managers available for India to run its businesses. Along with his wife, he established Darpan Academy of Performing Arts in Ahmedabad.

In spite of his astonishing diversity of interests, he could ensure success of each institution

that he had established with consistency in his approach that involved usage of "scientific methods, sound financial planning and a clear nationalistic purpose."

Leader with a Knack to Pick Right People and Mentor Them into Leaders

If India has demonstrated indigenous capability in making low-cost satellites, of successfully launching its own Moon probe—Chandrayaan and Mars Mangalyaan, the credit certainly goes to the foundation laid by Vikram Sarabhai. Focusing on strengths and strengths alone, he chose a passionate team[9]—A P J Kalam, E V Chitnis, Vasant Gowarikar, Pramod Kale, U R Rao, K Kasturirangan and other pioneers—and nurtured it assiduously to carry forward his vision even in his absence.

For instance, Rao, on returning from the US and joining PRL made himself busy in carrying out his space science activities, Sarabhai, convinced of Rao's immense potential, requested him to prepare a blueprint for the development of satellite technology and its applications. Once it was made ready, Sarabhai convinced a reluctant Rao—the only person then having working experience on spacecraft systems at NASA—to take charge and shape the Indian satellite program. In 1972, the reluctant Rao thus assumed the responsibility of satellite design center and the rest is history: he designed, fabricated and launched over 15 satellites besides becoming the Chairman of ISRO in 1984.

Sarabhai could find time even to interview student seeking admission into PhD at PRL, for he wants to pick a student with right attitude for research. Here, it is worth recalling how Dr. K Kasturirangan, the former Chairman of ISRO, turned away from astrophysics to space for it reveals how Sarabhai motivated and inspired youngsters, of course, with right set of skills and attitude to work in space program that he was heading.

Obtaining his PhD, as Kasturirangan was planning to go abroad in search of greener pastures, Sarabhai called him enquiring about his plans. Hearing his plans, Sarabhai reminded him what he told Kasturirangan six years back—while interviewing him for PhD admission—that India is going to be a promising experience in terms of its space programs and that there are lot of vacant positions for youngsters with relevant experience like him. According to Kasturirangan, Sarabhai motivated him, inspired him considerably and gave me so much of confidence that he can work and succeed here and that he really does not have to look for greener pastures abroad.

When Kasturirangan posed the question that being basically a physicist and not an engineer how could he work in space program that involves a set of engineering techniques, to quote Kasturirangan,[10] Sarabhai seemed to have "allayed all my [his] doubts listing out various tasks in a space program which requires knowledge of several areas and disciplines and pointing out that I am [he is] uniquely placed than any engineer because I [he has] have knowledge of end-to-end systems and an understanding of all the elements of the system. He also said the best people who have built satellite systems across the world, particularly in America for example, like Fred Singer or John Simpson, were all physicists. He persuasively argued so much

[9] Aravind Gupta, Indian National Science Academy, pp. 111-114.

[10] http://geospatialworld.net/FirstPerson/ArticleView.aspx?aid=19156#sthash.xLukjPb8.dpuf

on that aspect that I myself got excited that I should work in space." Obviously, Kasturirangan got excited that he should work in space sciences and accordingly when he joined the program, Sarabhai placed him under "one of his illustrious students, Rao to work on the project meant for building Aryabhata. Thus, Sarabhai mentored a young physicist—indeed a future Chairman of ISRO.

In a similar vein, he handpicked the young Kalam in the early 1960s to get trained at NASA.[11] It is his NASA training that facilitated the first sounding rocket launch from TERLS in 1963. In fact, that is only the beginning of his long journey to become a "missile man".

Sarabhai, the Scientist

Returning from Cambridge with PhD for his thesis on "Cosmic ray Investigations in Tropical Latitudes", Sarabhai, setting up a number of cosmic ray telescopes at different places in India, carried out along with his students, extensive studies of the day to day changes of cosmic ray intensity, which provided the instantaneous snapshot of the highly varying electromagnetic state of the interplanetary space.

Later realizing the importance of the changing magnetic field irregularities on the Sun and their effect on the interplanetary space, Sarabhai, setting up a giant meson monitor at Chacaltaya, Bolivia, at a height of about 5340 m above sea level in collaboration with MIT, studied very short period variations of 1-30 cycles per hour in the cosmic ray intensity. Based on these observations, he and his team established a complete correspondence in spectral changes in interplanetary space, magnetosphere and in cosmic rays measured on Earth. He had also worked out the implications of the non-uniform solar wind, particularly as the fast plasma overtakes the preceding solar plasma creating shock transitions and turbulent conditions. Looking at the effect of such shock transitions on cosmic ray intensity, Sarabhai proposed a new mechanism for explaining 27-day recurrent effects and the so-called large Forbush decreases of cosmic ray intensity observed in space and on the ground.

Later, Sarabhai's interest shifted to the study of fluctuations in the geomagnetic field and their origin. Using the data from the precise measurements of the horizontal component of the geomagnetic field (H) from several low latitude observatories across the world, Sarabhai and his group studied the diurnal changes in H. Based on these studies, they interpreted that a considerable part of the changes in H is due to the changes in the current system at the magnetopause and in the magnetotail, induced by the changes in the interplanetary solar wind plasma.

The extraordinary pace of research carried out by Sarabhai and his colleagues made PRL an outstanding school of cosmic ray scientists, besides achieving international recognition. What is more important to notice here is: PRL nurtured by Sarabhai became an unique institution for carrying out space science research contributing its own might for the successes of later ISRO.

Sarabhai, the Leader Who Built ISRO with an 'Uncanny Artistic Intuition'

By the late 1960s, Sarabhai, sensing the difficulty of getting foreign assistance for taking forward India's space program—indeed he

[11] John Krige, Angelina Long Callahan and Ashok Maharaj (2013), *NASA in the World: Fifty Years of International Collaboration in Space*, Palgrave Macmillan.

voiced his concern so explicitly in one meeting: "the military overtones of a launcher development program of course complicate the free transmittal of technology involved in these applications"[12]—had made India's first-ever-study for development of its own space launch vehicle. In his palpable hurry for developing a launch vehicle with indigenous capability, he had also got the cost analysis of building a launch vehicle program. The drawings were indeed got ready, and of the six, he ticked the third design and that is how the name of SLV-3 emerged. It is of course a different matter that with his sudden demise and the 1971 Indo-Pak war, India's launch vehicle building program had obviously suffered a setback.

However, the impact of Sarabhai's personality in making his colleagues to carry forward his vision for ISRO can well be understood from what Rao had to say: "The dynamism and purposefulness he infused, contagious enthusiasm and inspiration he transmitted and the deep concern and love for people he showed made a strong impact on his close colleagues and the institutions he built."

Bruno Russi, the celebrated scientist from MIT with whom Sarabhai collaborated, very aptly summed up Sarabhai's contribution to science at the special session of the Cosmic Ray Conference held at Denver in 1972 as, "I believe that the stature of Vikram Sarabhai as a scientist depends not so much on any specific achievement as on the unique character of his scientific personality. For him scientific research was an act of love towards nature. He had an almost uncanny capability to absorb and store in his mind a vast amount of experimental and theoretical data. Having done that and guided by what I am tempted to call an artistic intuition, he would then proceed to arrange these data into a self-consistent picture bringing out hidden regularities and relationships; a picture which, through the years, would progressively evolve and become more precise. This is why his death dealt such a hard blow not only to the personal feelings of his fellow scientists, but to science itself'."

Sarabhai, the founder Chairman of ISRO, as Rao observed, being an amalgamation of a great scientist, an administrator, industrialist, a social reformer, a manager, a skillful diplomat and above all being a very warm and charming person, always smiling and never losing his poise even in the face of most adverse situations laid strong foundation for 'achievement culture' in ISRO. In fitness of the fact, it must be said here that Sarabhai, "working against time", as though he was aware of the short time he had within which he had to compulsively achieve his goal—the goal of innovatively "linking the culture of fundamental research, the culture of research and development, and the culture of industry"[13] that would automatically make India self-reliant in space technology paving the way for the ultimate development of the nation—devotedly pursued his mission (for instance, once gave appointment to Kalam at 3.30 a.m.!) and in the process burnt the candle at both ends and died of a heart attack on December 30, 1971, at a very young age of 52 years. And another great legacy that he left behind is: as he said in his speech delivered at the Silver Jubilee Celebrations of TIFR, "One of Bhabha's greatest accomplishments was that when he died suddenly, he left the state of affairs in

[12] John Krige, Angelina Long Callahan and Ashok Maharaj (2013), *NASA in the World: Fifty Years of International Collaboration in Space*, Palgrave Macmillan.

[13] http://www.idsa.in/npihp/documents/IDSA-TIFR-01011954e.pdf

the hands of people who shared a common trust and a common culture and could manage to develop these institutions further as a joint group or family."[14] Sarabhai too left ISRO exactly in the same style. And, the current state of ISRO indeed testifies his leadership legacy.

Satish Dhawan

Prof. Satish Dhawan is considered as the father of experimental fluid dynamics research in India and one of the most eminent researchers in the field of turbulence and boundary layers. After the sudden death of Sarabhai, he succeeded him as the Chairman of ISRO in 1972. He was also the Chairman of the Space Commission and Secretary to the Government of India in the DoS. Simultaneously, he continued as the Director of Indian Institute of Science, Bengaluru too, for that was his first love. Even as the head of the Indian space program, he continued to devote considerable time and effort towards boundary layer research. His contributions are presented in the seminal book, *Boundary Layer Theory* by Hermann Schlichting, even to date.

During his tenure as Chairman, he, with his dedication, breadth of vision, meticulousness, humanity, and extraordinary scientific and technological abilities steered ISRO through a period of extraordinary growth and spectacular achievement. Hence, it is often said by the scientific community that it is Dhawan who "lent substance to Vikram Sarabhai's vision" and built ISRO as a vibrant body that it is today.

Leader with a Knack to Pick Right People for Key Seats

Immediately after becoming the Chairman of ISRO in 1972, Dhawan brought Brahm Prakash from the DAE as the head of the newly-formed VSSC at Trivandrum to streamline its functioning.[15] They together transformed the VSSC—an institute with activities fragmented, with different groups working independently, at times at cross purposes—into a dynamic structure capable of delivering results time and again.

Continuing with his mission to pick right people to man critical missions of ISRO, Dhawan along with Brahm Prakash, one day called Dr. Abdul Kalam, one of the technologists in VSSC, and said: "Kalam I have good news for you! You are going to run a huge program for ISRO. I and Director, VSSC have decided to appoint you as the project director Satellite Launch Vehicle (SLV). I am going to give all the money required for the project, the management structure and the human power needed. But you guy, by 1980, you should show that you can launch Rohini Satellite using our own launch vehicle." Recalling the incident, Kalam[16] said that as he was dumfounded at the enormous responsibility that they were assigning him, Dhawan coming to his rescue said, "We believe in your capacity, we believe in your team-building capacity and above all the knowledge required you can assemble and integrate … when you undertake a big mission like the satellite launch vehicle project, there will be many challenges—technological, leadership, and also some unexpected critical problems which you cannot visualize… Kalam remembers, you should not let problems become your captain. Instead, you become the captain of your problems, defeat the problems and succeed." Kalam said that it is this advice of Dhawan that "reinforced my

[14] *Ibid*.

[15] P V Manoranjan Rao, "Satish Dhawan – The Gentle Colossus", *The Hindu*, September 25, 2009.

[16] http://www.abdulkalam.com/kalam/jsp

[his] thinking and action" and also made him "accept the project." And the results are all around to testify Dhawan's eye for right people for the right job.

A Leader Who Is Ready to Accept Failures but Pass on the Success to Followers

Initially, ISRO was to face many failures. But Dhawan never lost his faith in the capabilities of ISRO and its young crop of scientists/technocrats. In 1979, as the countdown for launching the test flight of SLV was on, Kalam,[17] recalling the episode, said that four minutes before the launch, computer put the launch on hold, for a glitch was noticed. Believing that their manual calculations proved otherwise, they switched to manual mode, and launched the rocket. In the first stage, everything worked fine. In the second stage, a problem developed. As a result, the whole rocket system plunged into the Bay of Bengal. It was a big failure.

After the incident, Dhawan, conducting a press conference himself, took the responsibility for the failure upon himself saying that though the team had worked very hard there appeared a need for more technological support. He assured the media that in another year, the team would definitely succeed. This gesture of Dhawan naturally doubled the vigor of the project director and his team that enabled them to come up exactly within a year with a new rocket and launched it successfully in July 1980. That is the visionary leadership of Dhawan: Making Kalam and his team "see that it is not his purpose which is to be achieved, but a common purpose, born of the desires and the activities of the group"[18] ensured the success of the project and in the process he too became a successful leader in making ISRO self-reliant in launch vehicles. And the creative leadership of Dhawan had not ended there: he called Kalam and said, "You conduct the press conference today."

A Great Mentor

Sharing his relationship with Dhawan, Kalam said that on July 18, 1980, as India put a 40 kg Rohini satellite in a low-earth orbit through SLV-3 which took off at 0805 hrs, everyone in the control room at Sriharikota turned at once jubilant—in an emotionally charged atmosphere they were shouting, hugging and lifting each other. For, it was a great accomplishment for the scientists, especially after an unsuccessful earlier mission on August 10, 1979. Amidst that cacophony, it seems that Dhawan, taking Kalam aside to a silent place and sitting on the launcher and watching the waves of the Bay of Bengal in silence, said to him: "Kalam, you know you have been working hard for the last eight years. You encountered a number of problems and failures. You faced them all with utmost courage, patience and perseverance. For all the efforts that you put in, today we have got the results. I want to thank you for your excellent work. I will remember it and cherish it."[19] And Kalam says, "I have never come across such a beautiful day till then." That is the subtle way of telling a colleague that he did matter for the Chairman and in the process letting him know that he had all that the organization needed. What else mentoring is!

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17 *Ibid*.

18 Mary Parker Follett (1941), *Dynamic Administration*, Harper, New York.

19 "Satish Dhawan – A Creative Teacher", *Resonance*, October 2003.

The Change Leader

"To make the future is highly risky"[20], said Drucker. But a change leader sees change as an opportunity: he knows how to find the right changes, and also knows how to make them functional. And that is what Dhawan did: drafting the services of Kalam for the space launch vehicle directorate at ISRO Headquarters, Dhawan assigned him with the responsibility of drawing space program for "remote sensing and communication satellites linking the corresponding launch vehicle systems including the launch complex." After ten months of intensive interdisciplinary dialogs, they could design and develop a six degree of freedom simulation model integrating the progress of technology in different disciplines. But Dhawan's devotion for the national cause was such that one evening, he, knowing fully well that the "most effective style of managing change is to create it", sat down and drew the entire road map for the space program and depicted them in his own hand in two simple graphs which, according to Abdul Kalam, became the driving force for the entire space department for the next two decades. The two graphs are presented in Exhibit 3.

Ace Manager of Knowledge Professionals and Their Knowledge

"Management of knowledge workers is a marketing job", said Drucker. This concept had been fully exploited by Dhawan when he was to relieve Kalam when he was transferred to Defense Research and Development Organisation (DRDO). As Kalam was to finally move in 1982 to DRDO, Hyderabad, Dhawan, organizing an ISRO Council Meeting that was attended by all the Directors of ISRO laboratories and headquarters, asked Kalam and his team to present the space vision profile to the ISRO directors. By announcing the transfer of Kalam at the end of the day long presentation, Dhawan made Kalam feel that he not only elegantly made him "a part of the future space program but also honored him with a warm farewell." It also ensured transfer of knowledge—knowledge that went into drafting of the space vision—to the successors who are going to execute it in Kalam's absence, which in terms of organizational requirement is a must for success. That is the leadership of Dhawan!

Dhawan as a Teacher

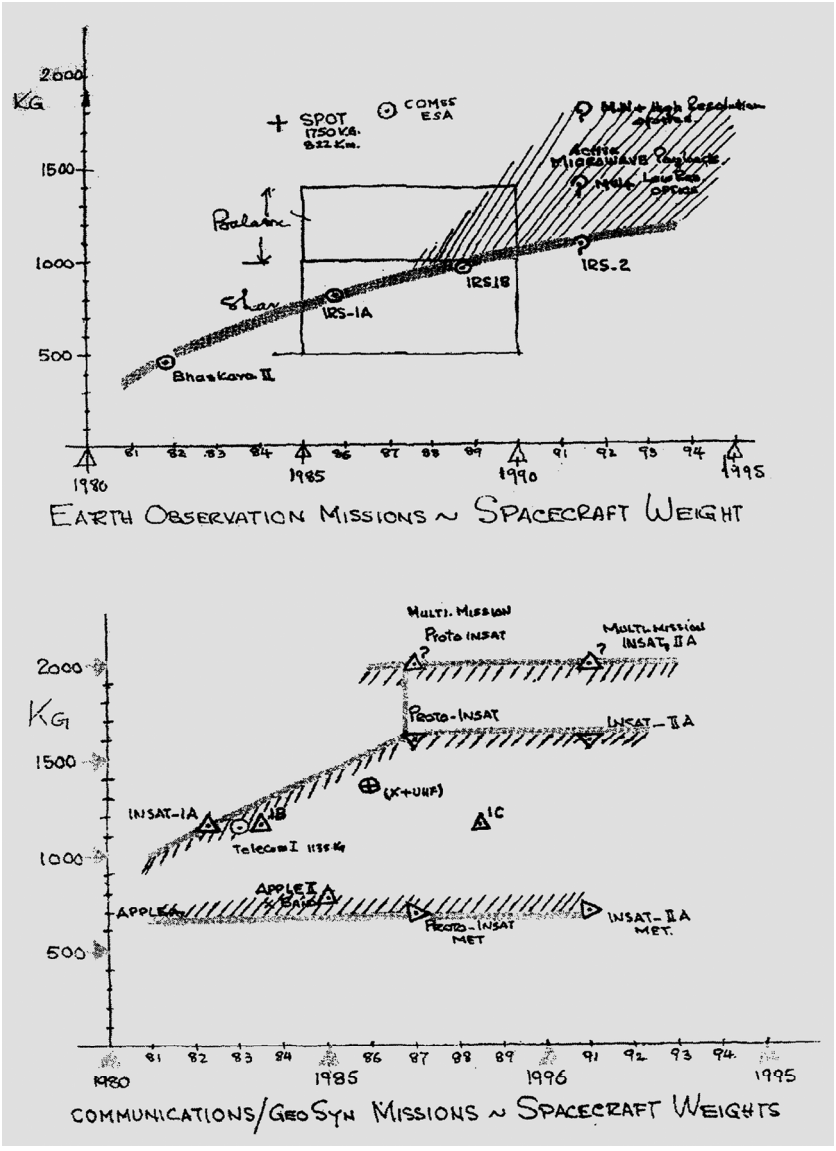
Narrating his approaching Dhawan seeking his guidance to design a contra propelling rotator, Kalam[21] describes the unique feature of Dhawan's teaching thus: "He creates a spirit of research and inquiry in the taught by teaching how to design without giving the design. Indeed, he worked at enriching the design capability of the taught. By following through the implementation and test phase and just by asking more and more questions and making the taught find the answers for them", Dhawan appeared to have enhanced the self-confidence of the taught—as it indeed happened in the case of Kalam—in taking up future design problems.

Dhawan thus ran the country's space program by first drawing such programs which are societally conscious with objectives that are easily understood by everyone engaged in its execution; second, exhibiting immense faith in the ability

[20] Peter F Drucker and Joseph A Maciariello (2004), *The Daily Drucker: 366 Days of Insight and Motivation for getting the Right Things Done*, HarperBusiness.

[21] "Satish Dhawan – A Creative Teacher", *Resonance*, October 2003, pp. 56-62.

Exhibit 3



Source: "Satish Dhawan – A Creative Teacher", Resonance, October 2003.

of Indian engineers and scientists; third keeping the technology development work open and transparent through an elaborate system of reviews; fourth, maintaining accountability through peer pressure, but shielding the engineers from blame for honest failures; and, fifth, adopting a promotion and assessment system that had some unique features, which enabled the more productive engineers to move ahead of their colleagues, but not too rapidly and thus retained

the confidence of the bulk of the staff in the fairness of the system.[22] It is this idealism and commitment of him that influenced his colleagues in substantial measure as is reflected in the ultimate success that ISRO had accomplished.

U R Rao

U R Rao, an exceptionally versatile scientist with a wide-ranging expertise in many contemporary topics, took over as Chairman of ISRO in 1984. He is a gifted space scientist, technologist, and a passionate space application protagonist. He is known among the space-scientists for his sharp analytical bent of mind and enormous intellectual ability. He is an inspirational leader par excellence with forthright views and innovative ideas.

In late 1968, Rao, at the request of Sarabhai, started work on designing a 100 kg satellite with a team of around 20 engineers from SSTC and 20 young scientists from PRL that was then named as Satellite Systems Division. It was supposed to be launched by an American Scout Launch Vehicle, but was abandoned half the way due to changing political equations in the international arena. Later, Moscow came forward offering India a free launch. Drawing fresh plans, ISRO, naming Rao as the Project Director of the Indian Scientific Satellite Project, directed him to get the satellite ready within 36 months for launch by a Soviet launcher. Relying heavily on his project management and system engineering abilities, Rao created a sophisticated electronic laboratory, a clean room for assembling satellite, and a small thermo-vacuum chamber and other infrastructure in the industrial sheds allotted by Karnataka government. Simultaneously, he recruited 150 young engineers and scientists and commenced work on the satellite. With that young inexperienced but committed team of an average age of 25 with a 'never-say-impossible' attitude, Rao assembled the 358 kg Aryabhata satellite that was launched in 1975 from USSR. Later, becoming the first Director of the ISRO Satellite Center, Bengaluru, Rao designed, fabricated and launched over 15 satellites including INSAT-1 and INSAT-2 series of multipurpose satellites and IRS series of remote sensing satellites. Thus, he played a stellar role in "building an endogenous space technology capability in India".[23]

A Scientist of International Repute

Rao obtained PhD in 1960 from the University of Gujarat for his work on cosmic ray time variations under the supervision of Sarabhai. Joining MIT as a Postdoctoral Research Fellow, he carried out fundamental investigations on solar wind using Mariner-2 observations. Working along with Conway Snyder and Marcia Neugabauer of the JPL, Rao made a path breaking discovery of the "continuous emission of the solar wind , their characteristics and correlation with the geomagnetic disturbance." Later, joining the University of Texas at Dallas as Assistant Professor in 1963, he, as the prime experimenter on Pioneer 6, 7, 8 and 9 Deep Space Probes and Explorer 34 and 41 Spacecrafts, carried out research on solar as well as galactic cosmic ray phenomena and the electromagnetic state of the interplanetary space. Returning to India, he joined PRL and started research on X-ray and Gamma-ray high energy astronomy using balloon, rocket, and satellite-borne payloads.

Rao is an internationally acclaimed space scientist and rated by the coveted *Space News* magazine in 2004 as one of the top 10 international personalities who made a

[22] "Dr. Roddam Narasimha", *Frontline*, Vol. 19, No. 3, 2002.

[23] V Jayaraman (2014), "Udupi Ramachandra Rao", *Current Science*, Vol. 106, No. 11, June 10.

difference in civil, commerce and military space in the world since 1989. Acclaiming his professional skills that built "a robust space program in a democratic country, which is much more difficult than in countries with autocratic rulers", Rao has been inducted into the Satellite Hall of Fame in Washington by the Society of Satellite Professionals International in March 2013.

A Leader with Spontaneous Geniality

Rao's ability to connect with subordinates is an attribute that is often admired by his followers as his best quality. He had enormous concern for his team members. The courage he displayed to stand up to this reputation during the days preceding the launch of IRS-1B from the then USSR in August 1991 was exemplary. As his team landed at the Baikonur Cosmodrome with the spacecraft for its launching, the August Coup in Russia assumed threatening propositions. Looking to the intensity of the ongoing civil disturbances in Russia, Government of India advised Rao to avoid travelling to USSR. Yet, defying the warning, Rao flew to Soviet Union, for he simply wanted to be with his team during the moment of crisis. Though President Gorbachev had resigned as general secretary of Communist Party of Soviet Union (CPSU) on August 24, 1991, and the mighty Soviet Union collapsed in the next few days, IRS-1B was launched without any hitch on August 29, 1991 from Baikonur. And the presence of Rao, needless to say, served as a balm, keeping ISRO team's morale high as also kept their attention focused on mission, while their families back home heaved a sigh of relief knowing that Rao was with the team in Russia. That was Rao's spontaneous geniality!

An Ardent Institute Builder

Above all, Rao is a great institution builder. Like his predecessors, Sarabhai and Dhawan, he too focused the vision and mission of the Indian space program on national development. While pursuing it, Rao, with his high levels of professional competence, and grit and determination, withered away innumerable difficulties—initial failures of the satellites and launch vehicles in the experimental stage, restrictions and embargos on transfer of sensitive technology by the developed world, lull in the international collaborations—by steadfastly working with his young infusing mutual respect and team spirit in the organization, and could succeed in building self-reliance in spacecraft and launch vehicle technology. His leadership style created the much desired trust that became the organizational norm and continues to be the guiding force in defining what is known today as 'ISRO culture'.

An Enthusiastic Space Application Protagonist

Rao had evinced great interest to harvest the vast benefits that the space technology offered for the development of communication, education, management of natural resources and disaster management in the country. One of the most significant initiatives that Rao launched was the Integrated Mission for Sustainable Development (IMSD) that was carried out in 84 mha in 175 districts in the country around 1992 to prepare resource maps using remote sensing as a key tool and evolve action plans at watershed level to provide grassroot solutions towards conserving the land and water resources.

He also promoted the use of satellite remote sensing for operational flood management

and agricultural drought monitoring. At his constant urging, the National Agricultural Drought Assessment and Monitoring System (NADAMS) was launched and NRSA brought out biweekly drought bulletins covering many states. Likewise, the flood mapping became operational in Indus, Ganges and Brahmaputra basins with a combination of optical and microwave data.

Yet another ambitious and socially relevant project that Rao advocated was using remote sensing data to map prospective zones for groundwater occurrence, and locations for constructing recharge structures. It has become a major success, for the groundwater prospect maps thus drawn provided more than 90% success rate.

His passion for using remote sensing for national development well reflects in his carving out time from his preoccupations with steering ISRO to write a masterly book—*Space Technology for Sustainable Development*—that bagged the Outstanding Book Award of the International Academy of Astronautics in 1997.

Rao, as the Chairman, realizing the need to develop and establish self-reliance in launch vehicle technology, decided to go in for the Augmented Satellite Launch Vehicle (ASLV)— upgrading the first stage of SLV-3 with two strap-on boosters, with motors identical to that of the first stage. Many massive facilities were created within and outside ISRO to support the development of operational launch vehicles. Unfortunately, the first two developmental flights of ASLV carried out in March 1987 and July 1988 did not succeed. These failures seemed to have threatened the confidence of ISRO launch community. But Rao, as Chairman, standing behind them stoically, prodded them to fight back. Ultimately, the failure analysis of ASLV paid the dividends: the inputs of the report made the third and fourth flights of ASLV, carried out in May 1992 and May 1994, fully successful. This obviously encouraged the team to go for bigger challenges: ISRO took up the more challenging task of designing PSLV and GSLV launch vehicles. During the same period, Rao also initiated the development of cryo-technology and the development of GSLV capable of launching 2-2.5 tonnes class of satellites into geostationary orbit. He had also set up ANTRIX Corporation in 1992 as fully wholly owned company of Government of India to market space products and services that ISRO could offer.

Leading the youngsters from the front, bestowing confidence and encouragement, and posing adequate scientific and technological challenges, Rao introducing the "matrix management structure for optimal utilization of scarce human resources across the projects, decentralizing decision making to the level where technological expertise is available, and emphasizing on configuration management and systems engineering practices of enhanced coordination, interface control, quality assurance and professional documentation",[24] proved conclusively that India can master high-end technology and deliver world-class products.

Krishnaswamy Kasturirangan

Dr. Kasturirangan, essentially an astrophysicist of repute with research interests in high energy X-ray and gamma ray astronomy as well as optical astronomy who made extensive and significant contributions to studies of Cosmic X-ray sources, celestial gamma-ray and effect of cosmic X-rays in the lower atmosphere, had steered ISRO as its Chairman for nine glorious years.

[24] V Jayaraman (2014), "Udupi Ramachandra Rao", *Current Science*, Vol. 106, No. 11, June 10.

Kasturirangan started his career with ISRO as Physicist at ISRO Satellite Center in 1971 and subsequently became the head of the Physics group in Aryabhatta Project Management Board. He once shared that keeping Rao as a role model, he attempted to execute every assignment that ISRO gave him: as Project Director of India's first two experimental earth observation satellites, he built Bhaskara I and II satellites. Following it, he was entrusted with the responsibility of heading India's first operational satellite program, the IRS. Later, becoming the Director of ISRO Satellite Center (1990-94), he oversaw the development of new generation spacecraft—Indian National Satellite (INSAT-2) and Indian Remote Sensing Satellites (IRS-1A & 1B) as well as scientific satellites.

Then, becoming Chairman of ISRO in 1994, he said, he felt nervous because that was a tremendous responsibility. Sharing his then trepidation, he said: "I thought I should have a style, an outlook and a culture to run the program and it has to be professional because any unprofessional activity in space can be disastrous. Luckily for me, I had seen working of Sarabhai, Dhawan and Rao closely and thought I should have an amalgam of all these three styles of functioning and try to bring in my own style of functioning."[25] Guided by that philosophy, he steered ISRO through the successful launching and operationalization of PSLV and the first successful flight testing of GSLV. He had also overseen the design, development and launching of the world's best civilian satellites, IRS-1C and 1D, realization of the second generation and initiation of third generation INSAT satellites, besides launching ocean observation satellites IRS-P3/P4. These efforts have put India as a preeminent space-faring nation among the handful of six countries that have major space programs.

Intriguingly, what he said in one of his interviews after laying down the office of the Chairman merits our attention. He said: "There are good examples of working in teams. But there is a need to strengthen that culture, the ability to work together with transparency. We need to have lot of aspiration and ambition that nothing is impossible. That ambition should fire us and propel us to the next level of development."[26] One needs to ponder over these remarks, for: Is this an expression of anguish at the waning of these traits in ISRO of today?

G Madhavan Nair

Nair, who joined TERLS in 1967, rising through the cadre with illustrious milestones—during his tenure as the Director of the Liquid Propulsion Systems Centre from 1995-99, ISRO's efforts towards indigenous development of cryogenic technology took concrete shape and vital infrastructures were built and critical technologies were developed; and during his tenure as the Director of VSSC from 1999 till he took over as Chairman, GSLV launch vehicle capable of placing/carrying 2000 kg class of satellite into geotransfer orbit was developed and launched successfully in the very first attempt and declared operational in 2003— in his long career became the Chairman of ISRO in 2003.

As Chairman, he had initiated action for the development of futuristic technologies to enhance the space system's capabilities as well as to reduce the cost of access to space. Major thrust was given for exploration of outer space through the ASTROSAT and Chandrayaan (Moon) missions. He also provided guidance to undertake

[25] http://geospatialworld.net/FirstPerson/ArticleView.aspx?aid=19156#sthash.0NKXeeVN.dpuf

[26] *Ibid*.

new technology developments related to launch vehicle, spacecrafts for communication, remote sensing and applications programs to meet societal needs.

K Radhakrishnan

The current Chairman of ISRO is a technocrat par excellence with management education and a PhD from IIT Kharagpur (2000) for his thesis "Some Strategies for Indian Earth Observation System." A dynamic and result-oriented manager with very fine personal and interpersonal qualities credited with nurturing leadership skills in the younger generation.

Starting his career as an Avionics Engineer in 1971 at ISRO's VSSC, Trivandrum, he commendably held several decisive positions in ISRO—such as Director of National Natural Resources Management System, Director of National Remote Sensing Agency (2005-08); Director of Vikram Sarabhai Space Centre (2007-09), and Member, Space Commission (October 2008-October 2009)—before becoming the chairman.

As the Director of VSSC, he played a crucial role in the first Indian Lunar Mission ,the Chandrayaan-1, being responsible for realization of PSLV C-11 launch vehicle with a new set of strap-on motors and a new mission design and Moon Impact Probe (MIP) that impacted on the surface of Moon in mid-November 2008.

During 2000-05, he had a stint in the Ministry of Earth Sciences as the Founder Director of Indian National Center for Ocean Information Services and the first Project Director of Indian National Tsunami Warning System.

During his tenure as Chairman, ISRO launched its Mars Orbiter Mission on November 5, 2013, which successfully entered the Mars orbit on September 24, 2014, making India the first nation to succeed in its maiden attempt, and ISRO the first Asian space agency to reach Mars orbit.

As could be seen from the foregoing, ISRO has had committed leadership all along to steer it through successfully. All of them either being scientists of repute or technocrats par excellence could command the loyalty of their cadre and ensure that organizational vision is properly aligned with its human resources as is reflected in its output till date.

Discussion and Conclusion

History tells that the modern economic growth has been inspired by a rapid and relentless upgradation of scientific knowhow and technology. Realizing this criticality of science and technology in ushering in societal welfare, our early policy planners gave tremendous importance to setting up a number of research and teaching institutions across the country. ISRO is one among such establishments—exclusively meant for harnessing the space technology for the socioeconomic development of the country.

Yet, the functioning of several such governmental institutions is often felt far from satisfactory. Amidst such a gloomy scenario, ISRO stands out as a rare jewel, delivering results—as examined here before—the fruits of which in terms of better communication, mapping of national resources, weather forecasting, disaster management, etc. are being palpably enjoyed by the common man today.

Now the big question is: How is that ISRO, a Government of India body governed by the same set of rules that are applicable to every other institute in the country, could deliver over its chartered objectives, that too, consistently year after year for over half a decade, while the rest are way behind in realizing worth mentioning return on their investment?

That said, the challenge we now face is: there is no single answer for such an amazing streak of success that ISRO is adorned with. Nevertheless, the following emerge out as the most obvious:

- The first four Chairmen—Vikram Sarabhai, Satish Dhawan, U R Rao and K Kasturirangan —are all outstanding scientists, while the later two—G Madhavan Nair and K Radhakrishnan—are technocrats, besides being fine managers of men and resources. They are visionaries with rare human qualities.
- Obviously, these natural endowments of the Chairmen came quite handy for them in inspiring confidence among their young followers that their mission is in competent hands and given a sincere collective-try, they all could realize whatever they are aiming at. Indeed, the buzz was: "when others could do, we could also do—do better even".
- This unique strength of these Chairmen lent 'credibility' to whatever they attempted and in the process accomplishment of the tasks such as demanding performance that could deliver the sought-after results, building of values and their reaffirmation and building effective teams and developing them for tomorrow have become a cakewalk.
- And interestingly, all the Chairmen of ISRO have had long innings to make a meaningful contribution and almost all of them came from within the space community and importantly always appreciated what their predecessors have done and indeed taken it forward to its logical conclusion. And these seemingly simple essentials that are quite glaring by their absence in the rest of the institutions, have ensured that ISRO has always had an unwavering 'vision' that obviously afforded 'strategic clarity' for the team to aim at realizing the goals.
- The early associates of ISRO—Vikram Sarabhai, Satish Dhawan, U R Rao, Brahma Prakash, A P J Kalam, E V Chitnis, Vasant Gowarikar, Pramod Kale, K Kasturirangan and other pioneers—all evidently fired by a 'national purpose', have dedicated their lives for the cause of mastering the space with indigenous technology.
- The founding Chairman, Sarabhai—essentially a lover of fundamental research, who realized the need for establishing an institute of management for supplying effective managers to Indian businesses for making them productive—as though taught by the Austrian economist, Joseph Schumpeter[27] who made a fundamental distinction between invention: discovery of new techniques, generally performed by the inventor; and innovation: the practical application of an invention in production for the market which is usually done by an entrepreneur—sown the right seeds at the very beginning of the journey of ISRO to build a sustainable link between these agencies. Encouragingly, this philosophy continued to interest the succeeding Chairmen too. And the results are there for us to see: it has paved the way for smoothly taking forward the vision of India's space program with such 'shoestring' budget even.

[27] J Schumpeter (1950), *Capitalism, Socialism and Democracy*, Harper, New York.

- Sarabhai, as a Chairman, could think about people long before the decision on filling a job has to be made and independently of it even. His decisions about people essentially reflected his urgency to maximize the strength of the organization. To start with, he was willing to select people more for what they can do rather than be solely guided by what the job requires, or what the qualifications one is tagged with. He looked for performance—"What does he contribute?" "What can he do uncommonly well? not conformance. And, by and large this trend appeared to have been continued by the successive Chairmen as a result of which we see ordinary people hailing from ordinary institutes performing extraordinary deeds in ISRO.
- Collegiate atmosphere is the in-thing of ISRO. Paying tributes to Dhawan, Roddam Narasimha said that Dhawan held review meetings pertaining to technology development in an open and transparent atmosphere where it had almost become a tradition that the junior-most engineer could ask awkward questions to senior project leaders. And Dhawan, who often described himself as a teacher, was known to invite even leading professionals from outside ISRO to participate in such technology review meetings. Dhawan, being an extraordinary scientist, was known to ask very detailed questions, perhaps, with an interest to unearth several options to solve a given problem. And every problem was tackled by analyzing all the options before picking up the best option. Such traditions besides obviously paving the way for the organization becoming a learning institution, also helped to foster team spirit.
- ISRO is the most open and transparent organization where failure is discussed openly to unearth the reasons with the sole objective of correcting them rather than to punish the cause. For instance when SLV-3 flight in 1979 failed, the Chairman took personal responsibility for the failure but did take up failure analysis to make the next flight in 1980 successful. Similarly, when the consecutive failure of ASLV flights in 1987 and 1988 threatened the confidence of launch community, Rao stood by the community but at the same time carried out failure analysis threadbare, the inputs of which ultimately made the subsequent launch carried out in 1992 fully successful. That kind of leadership obviously made engineers and scientists never to be afraid of honest failures. And, failures never deterred them from dreaming big too.
- The most unusual thing to happen at ISRO, but a pleasant one to live with, is the least amount of red tape. One may say that its absence in ISRO is no wonder, for it cannot penetrate, say for instance, when the countdown starts for launching a vehicle, there would be no room for taking shelter under funny rules. But the truth is, red tape does not walk in on its own, rather it is the people manning the business who invite it in for obvious reasons.
- 'Emphasis only on performance' is the mantra of ISRO for managing human resources. This has obviously kept the morale of the young and aspiring scientists and engineers high which fact well reflects in ISRO's achievements.

- Team spirit is the hallmark of ISRO. The leadership succeeded well in effectively harmonizing the efforts of all the team members towards a common goal and realizing the objective. And, it is not once or twice, project after project we could see this happening as a matter of a 'given'. Indeed, we experience this phenomena watching the photos released by ISRO after launching a vehicle with significant payload that exhibit visibly excited men and women, young and old, traditional and conservative, atheists and theists but truly a replica of India, all enjoying the success of their efforts to the hilt with wide opened eyes and broad smiles. And, this speaks well of the leadership across the hierarchy.

The great leaders that the ISRO had the luck to have are known to see themselves as not all that important but felt the need to look beyond themselves and build an executive team and craft a culture of performance based on societal needs that do not rely on any single leader. Knowing fully well that integrity is an important aspect of leadership, its demands on the system in terms of measurement, accountability, visibility, and active participation was never unfair, which obviously encouraged every employee to give his might willingly hoping for his due share of benefit as an automata. Above all, its leaders, besides being themselves fired by 'national-fervour', were often found fretting over how to instill a sense of purpose and honorable inquisitiveness into organization so that it could live beyond their own time. The value system that the pioneering leaders created had thus infused ability in the system to bounce back from failures, even from cataclysmic catastrophes stronger than before.

Nevertheless, looking to the skirmishes that recently appeared in press about the differences among the past and present top associates of ISRO, one wonders if that kind of leadership has become history. In an organization like ISRO where the phenomenon of work shifting from 'hands to mind' is so nakedly visible, it is all the more necessary to further strengthen the practice of 'soft-HRM'—motivating knowledge workers with "vision, culture, structure, strategy, and processes" rather than merely with contractual rewards. That is where ISRO should think anew: Leaders must become more "a shepherd, staying behind the flock, letting the most nimble go on ahead, where upon the others follow, not realizing that all along they are being directed from behind."

To conclude, it must be said that the set of rules that bind the scientific institutions of the government are the same for the ISRO and the others; yet, ISRO could deliver amazing results. It thus calls for an in-depth study of ISRO, its incredulous performance, the role of leadership in making ISRO what it is today and its style of nurturing leadership in the organization for so long and so successfully. The findings of such a study would certainly help other institutions to better their functioning, besides being of interest to ISRO too, for as Jim Collins observed, "Every institution is vulnerable, no matter how great. No matter how much you've achieved, no matter how far you have gone, no matter how much power you've garnered, you are vulnerable to decline. There is no law of nature that the most powerful will inevitably remain at the top. Anyone can fall and most eventually do." [28] For instance, recall if you have heard anything about ICAR after Dr. M S Swaminathan? Nor did we hear anything significant about other

[28] Jim Collins (2009), *How the Mighty Fall and Why Some Companies Never Give in*, Random House Business Books, London.

institutions like CSIR, ICMR, etc. It is in this context that the findings of such study could help ISRO: to institutionalize its process of self-improvement in such a way that it becomes a way of life; to create internal competition with demanding performance targets for the divisions; build up such mechanisms that would not allow complacency and stagnation to creep in; and define its vision and mission in such a way that it automatically makes ISRO build for the future, no matter who the leader is. Importantly, the revelations of such a study are sure to enable ISRO adapt a different operating logic such as the one proposed by Rosabeth Moss Kanter[29]—a common purpose, a long-term focus, emotional engagement, partnering with the public, innovation and self-organization —which is sure to alter its leadership and organizational behavior radically and in turn enable ISRO "get better and better".

Reference # 03M-2014-12-08-01

[29] Rosabeth Moss Kanter (2014), "How Great Companies Think Differently", *Harvard Business Review On Point*, February-July.

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