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L&T: An integrated approach to recruitment and retention

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Case 4: L&T: An integrated approach to recruitment and retention¹

In 1991, India embarked on major liberalization and globalization of the economy, and opened its doors to a large wave of foreign direct investments and imports. Larsen & Toubro (L&T), an Indian conglomerate, decided to reinforce its leadership position in the new era of competition. The company set out to become a leading world class multinational, through commitment to total customer satisfaction, enhancing shareholder value, attaining global benchmarks and meeting the expectations of employees, stakeholders and society.

L&T has more than 8,000 employees. Attracting and retaining talent is a major challenge in a business oriented towards contract engineering projects, where on an average day almost 100 employees at all levels move to a new project location. In order to reach its goal, the company completely transformed its human resources strategy.

According to S. Chandrasekar, L&T's plant and human resources general manager, it is not only pay that attracts and retains good workers. Accordingly, the company has developed a range of complementary programmes to attract the best people and draw the best work out of them. These include:

- emphasizing a highly democratic management structure where workers are encouraged to express their opinions;
- devolving responsibility to front-line staff and encouraging initiative;
- equipping workers to assume more responsibility by establishing a world class skills and leadership development system for all employees;
- encouraging workers to develop a plan of action to put training to better use;
- linking skills and leadership development to compensation;
- implementing a comprehensive accident prevention and safety programme; and
- developing an innovative employee welfare initiative, which includes welfare services and free health care for workers and the community at large.

In terms of sales, profits, assets and market capitalization, L&T ranks among the top ten companies in India's private sector. The company has gained prominence in intangible assets such as intellectual capital and brand worth; its technology base is considered to be at par with the best in the industry worldwide, and most of its factories have secured quality certifications of the highest class. Company management believes that L&T success is largely explained by its attitude towards employees, who are treated with dignity and respect.

The various components of a comprehensive strategy for attracting and retaining workers will be examined in more detail in the following chapters.

¹ Source: Rajasekar and Gupta, 2001.