



A STUDY ON HR ROLE IN ORGANISATION DEVELOPMENT AND EMPLOYEE TURNOVER WITH SPECIAL REFERENCE TO VIRBAC, VIETNAM

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ABSTRACT

Organization development is a field of research, theory and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance. OD emerged out of human relations in the 1930's during which psychologist realized that organizational structure and processes influence worker behavior and motivation. More recently, work on OD has expanded to focus on aligning organizations with their rapidly changing and complex environments through organizational learning, knowledge management and transformation of organizational norms and values.

Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover are estimate the cost-to-hire for budget purposes. The research design is analytical in nature and the organization can go by employees view point and achieve organization objective.

KEYWORDS: pharmaceutical industry, electronic and IT industry, Health Insurance, environment.

1. INTRODUCTION

International Scenario:-

In the global market, the position of the pharmaceutical industry is not parallel as compared to other information and technology based industries. Most of the countries simply depends on bulk production of the generic drugs and not focused on core research. In comparison with the growth rate of the electronic and IT industry stands first where as the pharmaceutical comes at the 9th position.

Vietnam Scenario:-

Vietnam is currently one of the fastest growing pharmaceutical markets in Southeast Asia. Business

Monitor International (BMI) in their report "Vietnam Pharmaceutical and Healthcare Q2 2014" revealed that pharmaceutical market value of Vietnam has increased from US\$3.30 billion in 2013 to US\$3.92 billion in 2014, marked an increment of 19.1% in term of US\$. Rapid growth of pharmaceutical market in Vietnam is attributed to the key factors including expanding population in the country and Vietnam effort in introducing the New Health Insurance Law.

2. REVIEW OF LITERATURE

Organization Development (OD) applies behavioral - science knowledge and practices to help organizations change to achieve greater effectiveness. It



seeks to improve how organizations relate to their external environments and function internally to attain high performance and high quality of work life.

OD emphasizes change in organizations that is planned and implemented deliberately. It is both an applied field of social practice and domain of scientific inquiry. Practitioners, such as managers, staff experts, and consultants, apply relevant knowledge and methods to organization change process while researchers study those processes to derive new knowledge that can subsequently be applied elsewhere. In practice, this distinction between application and knowledge generation is not straightforward as OD practitioners and researchers often work closely together to jointly apply knowledge and learn from those experiences (Lawler et al., 1985). Thus, OD is an action science' where knowledge is developed in the context of applying it and learning from the consequences (Argyris et al., 1985). OD encompasses a diversity of concepts and methods for changing organizations. Although several definitions of OD have been presented by different philosophers like Beckhard, (1969); Bennis, (1966); French, (1969); Burke, (1982); Micheal Beer, (1980);, French and Bell, (1990); Schein, (1992); Luthans, (1998); Robbins, (2003); Ogundele, (2005);, Armstrong, (2006), etc., yet enormous growth of new approaches and techniques has blurred the boundaries of the field and made it increasingly difficult to describe.

Leavitt (1962) suggested that organizations could be developed or changed by altering one or more of three major variables— people, structure and technology. Peters and Waterman (1982) widened the range of variables in their adoption of a seven-item framework in their analysis of excellence ||in major American companies contained in their book *In Search of Excellence*. This is known as McKinsey 7-s framework which comprised of the following elements of organizations, like System, Strategy, Staff, Structure, Style, Shared Values.

Argyris, (1964) expanded T-groups rapidly with the formation of the National Training Laboratories whose members increasingly applied these methods to helping organizations improve social processes. In the 1950s, this included ground-breaking work by Douglas McGregor at Union Carbide, Herbert Shepard and Robert Blake Esso Standard Oil, and McGregor and Richard Beckhard at General Mills (French, 1985). These early applications of T-group methods to business spawned the term organization development'. This led to an impressive array of interventions for improving social processes in organizations, such as team building (Patten, 1981; Dyer,

1987), process consultation (Schein, 1969, 1987, 1998), organization confrontation meeting (Beckhard, 1967), and, more recently, large-group interventions such as search conferences and open-space meetings (Bunker & Alban, 1997).

Action research started in the 1940s with applied studies by Collier (1945), Lewin (1946) and his colleagues, and Whyte and Hamilton (1964) showed that research could be used in the service of organization improvement if it was closely tied to action. Based on the work of Rensis Likert, Floyd Mann, and their colleagues, survey feedback resulted in a variety of instruments for assessing member attitudes towards organizations (Seashore, 1987). It showed how feeding back that information to members can motivate and guide them to create meaningful change (Mann, 1962). This initial work in survey feedback also directed attention to how organizations were managed. It provided evidence that participative systems of management were more effective than traditional authoritative or benevolent systems (Likert, 1967). This encouraged the growth of participative management in organizations, which today has evolved into popular interventions for enhancing employee involvement or empowerment at the workplace (Lawler, 1986; Spreitzer, 1996).

OD sought remedies for these problems in new work designs that were more geared to employee needs and aspirations than to traditional designs. These interventions were based on the work of Eric Trist (1963) and his colleagues in socio-technical systems and of Frederick Herzberg and his colleagues in job enrichment (Herzberg et al., 1959; Trist et al., 1963). Cummings & Srivastava (1977) studied work designs that enhance both productivity and employee satisfaction. Socio-technical systems also showed that when tasks are highly interdependent and require significant decision-making, teams comprised of multi-skilled members who can make relevant decisions are the most effective work design

Ford (1969) has studied job enrichment and the success it has yielded in prominent companies as AT&T, which has led to rapid diffusion of this OD intervention to work redesign in business, government, and the military. Based on the work of Lawler (1981), OD examined how rewards affect the organization performance, and this led to interventions aimed at making rewards more contingent on performance. One method that has grown in popularity over the past two decades is called gain sharing'. It involves paying organization members a bonus based on measurable gains in performance over some baseline standard. Gain sharing typically covers all

members of a particular business unit and includes only performance measures that members can control. To achieve gains in performance, members are given the freedom to innovate and to discover more effective ways of working.

The most recent applications of OD involve structuring organizations so they are better aligned with their strategy and environment. Such large-scale change has become more prevalent in the past two decades as organizations have increasingly faced complex, rapidly changing environments that often demand radical changes in how they compete and design themselves (Mohram et al., 1989). OD has expanded its focus to the total organization and its competitive environment. Drawing on a variety of perspectives in corporate strategy (Miles & Snow, 1978; Porter, 1980; Hamel & Prahalad, 1994; Grant, 1998), OD has created interventions for assessing an organization's competitive situation and making relevant changes in strategy if necessary. This typically includes a so-called 'SWOT analysis' where the organization's strengths and weakness are compared to opportunities and threats in its competitive environment. Then, a strategy is created to build on the strengths and to take advantage of the opportunities, while accounting for the weaknesses and threats.

OD has also generated applications for designing the various features of an organization so they promote and reinforce strategy. Based on a growing literature in organization design (Galbraith, 1977; Nadler et al., 1992; Galbraith & Lawler, 1993), OD has created new structures that fit better to today's situations than traditional bureaucratic designs. These include: high-involvement organizations' that push decision-making, information and knowledge, and rewards downward to the lowest levels of the organization (Lawler, 1986); boundary less organizations' that seek to eliminate unnecessary borders between hierarchical levels, functional departments, and suppliers and customers (Ashkenas et al., 1995); and virtual organizations' that focus on the organization's core competence while outsourcing most other functions to other organizations who do them better (Davidow & Malone, 1992). All these structures are extremely lean and flexible; they enable organizations to respond rapidly to changing conditions. Consistent with these new structures, OD has applied recent work on organization learning and knowledge management to organization change (Senge, 1990; Argyris & Schon, 1996; Davenport & Prusak, 1998). These interventions help organizations gain the capacity to continually learn from their actions and to make effective use of such knowledge. Teece, (1998) studied

that learning capability is essential if organizations are to continually change and renew themselves. It can provide strong competitive advantage in complex, changing environments.

Employees' turnover is a much studied phenomenon Shaw et al. (1998). But there is no standard reason why people leave organisation. Employee turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment Abassi et al. (2000). The term "turnover" is defined by Price (1977) as: the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. Frequently, managers refer to turnover as the entire process associated with filling a vacancy: Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover Woods, (1995). This term is also often utilized in efforts to measure relationships of employees in an organization as they leave, regardless of reason.

"Unfolding model" of voluntary turnover represents a divergence from traditional thinking (Hom and Griffeth, 1995) by focusing more on the decisional aspect of employee turnover, in other words, showing instances of voluntary turnover as decisions to quit. Indeed, the model is based on a theory of decision making, image theory Beach, (1990). The image theory describes the process of how individuals process information during decision making. The underlying premise of the model is that people leave organizations after they have analyzed the reasons for quitting. Beach (1990) argues that individuals seldom have the cognitive resources to systematically evaluate all incoming information, so individuals instead of simply and quickly compare incoming information more heuristic-type decision making alternatives.

3.OBJECTIVE

- ◆ To study about HR role in Organization development and employee turnover.
- ◆ To know the satisfaction level of employee on HR role.

4.METHODOLOGY

RESEARCH DESIGN: Analytical in nature

TOOLS: Correlation, Garrett ranking, Weighted Average.

METHOD OF DATA COLLECTION

The data used for analysis in the study has been collected in two forms namely:

- ↳ Primary data
- ↳ Secondary data

PRIMARY DATA

The primary data is the data which is collected freshly by the researcher.

- ➔ Informal interviews with General manager and HR.

SECONDARY DATA

Secondary data is the one which is collected by someone else and already used in some or the other form.

- ⇒ Magazines.
- ⇒ Internal reports of the company.
- ⇒ Library research.
- ⇒ Websites.

SELECTION OF METHOD STUDY

Case study Method

Case: VIRBAC, Vietnam

5.CASE DISCUSSION

Cases are collected from the sources provided by the company

1)Reengineering:-

VIRBAC Vietnam (VBVN) started in 1997 at that time government share is 51% and company share is 49%. They appoint one representative who is treated as the DGM of that company. In 2010 one Tamilnadu Zonal manager is directly appointed as a Generalmanager of VBVN by area director. On that time GM is disappointed by seeing the organization. That country was different from India that was a ladies dominant country. They feels like everything for everyone. People in vietnem always want to be in comfort zone so after he joins the organization he immediately decided to appoint new vibrant HR because HR is very much important for the development of the organization, he gets permission from the area director and starts the recruitment process finally within 6 months he selected Mr.canh from the competitor company.HR who is having 12 years senior level experience of handling 400 head counts. Join with effect from 1st September 2011 with 7 times salary of HR executive.

This was the main change made by the GM for the development. Then the HR starts the restructuring process. He first finds the double employment and analysis the performance of the employers. The employers gets disappointed but the HR continues his work and did the following steps

- Identify the good performer and motivate them.
- Eliminate the bad performer..

- Recruit the right fit employer for the position.
- Conducted through different sources via Internet, Intranet, Head Hunters and various options.

Conclusion:-

As a result employers understands the purpose and start doing their job well,Finallyvirbac made it as a top pharma company in Vietnam. Employers work for the development of the organization.

2) Merger And Incentives:-

In south of Vietnam 2 ASM's are merged together and divided ASM's in to 2 in north. Before this their contribution in the beginning is 89:11 and it was increased to 70:30 that means 70 in south and 30 in north.

HR finds the big issue of Budget that is 80% of the sales is done on last 2-3 days. So he introduced a new incentive policy in 2013 called Early Bird Incentive. Sales team will be forecast by Monthly, quarterly, Half yearly, Annually and also by key products.

In 2014 HR discussed with GM announce the foreign trip for the Star employer which means the employer who is giving good results in the year.

The sales will be monitored on day to day basis and shown very good flow from july 2013 till today

- In 2014, HR arranges the foreign trip to Dubai.
- In 2015, He arrange the trip to Japan.

HR Mr.Canh says:

At an average 65% of field staffs like as Area sales manager and sales representatives received Early Bird Incentives.

GM Mr.Natesan says:

Before 2013 →The contribution of the budget is 20:80 that means 20 % is completed on 1st -25th of every month and 80% is done on 26th -29th of every month Now after giving Incentives and foreign trip arrangements that results in 60:40 that means 60% is done on 1st -15th of every month and 40% will be completed on 16th-26th of every month.

Conclusion:-

Change management gives a complete change to the organization. They come out of their comfort zone and contribute their time for the development of the organization. Starts forecast stock maintenance, regular inventory control is made, Logistics work on regular basis. The employers feels they didn't have pressure by finishing the budget before last date and staffs are very happy and enjoy doing their work they feels like another family.

3) Connecting People:-

VIRBAC Vietnam news is very big connecting tool. It connects both people within VIRBAC Vietnam each and

every employee can come to know about the development of the organization. It is one of the communication model. This also introduced by HR with the help of GM, First HR collects the information about each and department. The contents will be gathered by working with CEO (GM), Department heads will sent the success stories and events happened in their departments. After collecting the required materials the whole report will be edited by CEO (GM). The VBVN news will be released every month last by 12th for the previous month events.

→Initial contents:

- ✓ Top 3 Sales representative
- ✓ Top 2 Area Sales Manager
- ✓ Welcoming new comers
- ✓ Happy corner(Child Birth, Marriage)
- ✓ Achievements
- ✓ Sales/Marketing Activities
- ✓ Industrial Activities

→After few months some important segments are added

- ✓ Employee of the month
- ✓ Group news from intranet
- ✓ Tips
- ✓ Product details
- ✓ Promotion
- ✓ Activities

This become one of the connecting point or junction. . VBVN news will be edited and released by GM in English version. The English version is circulated through mail to every General Manager in APISA and also to area directors and Board members. Only 10% of the employees are efficient with English so within 7 days Vietnamese version is printed and circulated to everyone in the office and factory.

Conclusion:-

By this VBVN news, It is very successful and the employers are motivated and feels as their company and they come to know about each other and also about the company rules and regulations and also about whole virbac's situation by this they work for their development and also for organization development.

4)Motivating People:-

Being the communist country their thought is "Everything for everyone". It is very much difficult to find the motivational factors like "money", "promotion", "Recognition", "Reward", "Foreign Trip". All they want is comfort zone. In 2011 (January) beginning before HR joins into the organization, They conduct one function called Yearend program which contains 3 segments knows as welcoming the new GM arrival, Opening of new office and also thanking 2010. It seems like unorganized way. Many key staffs are not attended that program in the evening. They consider it as an optional one. Then in the end of

2011 HR joins the organization and get to know the activities from the beginning and come to know about the issue so he decided to rearrange the program in well-organized manner. First he gets information about their comfort zone and come to know that their comfort zone is entertainment part. Then he changed the program as Stars meet which celebrate in every year January which welcomes the newyear and thanking the previous year and gives award for the best employers.

Then next HR focuses on Participation of all the employees. To make it as compulsory all the managers have been given individual responsibilities. Also seats will be allotted separately for every staffs. Complete seat map is provided for every one with their name written on the back of the chairs.

Normally award function will be starts by 3 pm till 6 distribution of the awards. Then break of half an hour will be given 6:00 pm onwards entertainment starts like lottery section and gala dinner with dance, singing and drama performance by outsiders and employers.

Awards for sales representative and area sales manager will be given based on their performance.

The most important one is surprise award, If any manager contributed consistently more than 5 years and having above 8 year service will get this award. This will be completely kept secret announced only in end of the program. All the awards given to the stars will get a certificate signed by the GM/Line manager presented by chief guest arrived from headquarters or area director. The surprise awardee will also get a gold medal of 5 grams with VIRBAC logo specially made. If sales representative or area sales manager gets 2 successive years as a best then they are called ambassador club members. They will be sent to headquarters (France-Paris) to receive the honor from the board in alternative year. In case of area sales managers they can go with their spouse. They also can have dinner with board members in Paris.

In 2011 the gala dinner starts with an outsiders dance program which costed 500 USD. In 2012 employers are interested to do the program by their own. HR and GM are not that much confident but they accepted and for the safer side they arranged on outsiders program. That was kept as 1st performance after that employer's performance will be performed. Finally it has excellent response. HR himself enthusiastically participated in 2 major events. He arranged dance trainer for giving training to participants. It develops cross functional collaboration. One event contains 6-7 people from various department. They connect together for practice lasting 8-10 days. This worked well.

Conclusion:-

This become a major Re-structuring program. It results indirectly for long term benefit, This removed difference between staffs and felt as family. This was very much appreciated by the Board and the shareholder in the board arise the question why don't we try this in other countries of APISA to increase the profit.

Employer's says:

By this stars meet, they gains a lot. Factory employees came to know about office and vice versa. They are motivated to do their work interestingly for attaining the budget. Every year they are eagerly waiting for that one day. They are proud to have a intelligent GM and a vibrant HR.

HR says:

By this stars meet, employers are motivated very much it results in increasing the profit budget and coordination develops and also communication between employers increased. All credits goes to the GM Who supports me to make changes and gives ideas and also to the staff members who accepts my changes and work for the organization.

GM says:

The major game changer is the HR. Who made all the development process and work for both organization development and employee satisfaction. This changes had also changed the employers also they came out from their comfort zone and they used to feel as their own family and they works for the development of both organization and individuals.

5)Employee Turnover:-

In Vietnam their Turnover rate is 13% and accepted rate is 6-7%. Their challenge is to achieve the rate. In Vietnam Demand is higher than Requirement is

less because It was women driven country, English is a rare commodity. Industrial location disadvantage that means Nike company is nearby the industry with 40000 employees so to reduce the turnover, VIRBAC make several benefits like..,

- For factory employees they provide benefits like..,
 - Free canteen (food,beverages)
 - Healthy atmosphere
 - First aid training
- For office employees also they are providing benefits like..,
 - Communication training
 - Leadership training
 - Friendly atmosphere
 - Motivational speech
- All the functions are celebrated in both office and factories..,
 - Women's day
 - Children's day
 - X mas celebration
 - Employee birthday celebration
- Benefits is also provided to employees in both office and factory..,
 - Company trip
 - Funeral fund
 - Employee birthday gift

CONCLUSION:

The company is taking steps to reduce the turnover but the employees are leaving because of their personal problem. But the company is continuing their work on reducing the turnover rate.

Classification of the respondents on the basis of HR role:-

The following table shows the rating of HR in OD.

Table: 1 Classifications of the Respondents on the Basis of HR Role

PARTICULARS	RESPONDENTS	PERCENTAGE
Excellent	69	69
Very good	7	7
Good	17	17
Fair	7	7
Poor	-	-
TOTAL	50	100

Source: Primary Data

Interpretation:-

From the above table 4.11 it is inferred that 69% of the employees rate HR role as excellent, 7% of the employees rate HR role is very good, 17% of the employees

rate HR role as good.7% of the employees rate HR role as fair. Finally it is concluded that 69% of the employees feels HR role as excellent.

Correlation between Age of the employees and Training program provided:-

In order to test whether, there is correlation between the age and training program, correlation test have been applied. Table shows the correlation between income and expectation.

		Age	Rating the training program
Age	Pearson Correlation	1	.597
	Sig (2-tailed)		.000
	N	100	100
Rating the training program	Pearson Correlation	.610	
	Sig (2-tailed)	.000	
	N	100	

From the table, it is inferred that there is positive correlation between age of the respondents and training program provided in the organization. It is measured at 0.01 level of significance and shows significant relationship between age and training program.

Classification of the Respondents on the basis of Development program:-

The following table shows the ranking provided by the respondents for the development program

Classification of the Respondents on the Basis of Ranking Provided for the Development Program in VIRBAC:-

Program	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Mean Score	Mean Rank
Stars meet	32	36	11	16	5	69.95	II
VBVN News	29	37	12	14	8	127.96	I
Higher education	10	9	27	17	37	34.18	IV
Communication Training	20	13	32	20	15	49.99	III
Career Development program	9	5	18	33	35	27.76	V

The above table, shows the rank provided by the employee for the development program provided in VIRBAC, Vietnam. From the above table it is clear that employees rank VBVN as first, second rank is provided for Stars meet, Communication training place third rank, Higher education ranks as fourth and Career development program places fifth rank. Finally most of the employees rank for VBVN and places first rank.

Classification of the respondents on the basis of working environment in VIRBAC:

The following table shows the weightage provided by the respondents on the basis of working environment

Classification of the Respondents on the Basis of Working Environment Weighted Average:-

OPINION	RESPONDENTS	NUMERICAL VALUE	WEIGHTED VALUE	RANK
Excellent	43	5	215	I
Very good	39	4	156	II
Good	12	3	36	III
Fair	6	2	12	IV
Poor	-	1	0	V
TOTAL	100		419	

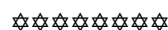
$$\begin{aligned} \text{Mean score} &= \frac{\sum wx}{\sum w} = \frac{419}{15} \\ &= 27.93 \end{aligned}$$

From the above table, employees feel working environment is excellent as first, very good as second, good as third, fair as fourth, poor as fifth. The weighted value of working environment is 27.93.

6. CONCLUSION

The survey helped to understand the HR role in the organization and position of the company in the market. It is observed that organization development has a great impact on achieving the goal and also employee turnover makes the organization to know about their employees mind set. Based on the result obtained suggestions towards reducing turnover through giving training classes on English have to be made.

The conclusion of the study is that HR and top management are friendly with the employees. Work environment, Working hours, Training programs and Benefits which had created a very good image on the mind of the employees. Thus the project tries to reveal the HR role in Organization Development and Employee turnover and also that important of HR in the organization. Finally it is proved that HR is important for every organization whether the company is big or small. So the HR should have the quality of motivating people, leadership quality, cooperation and better communication and also he should be a vibrant person. In this research employees in this country need motivation in terms of entertainment like trips, events, activities etc. Organization can go by employees view point and achieve organization objective. I have found few draw backs and certain suggestion, if the company implements that suggestion in time. It will help the organization in its future development.



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