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The Taj's People Philosophy and Star System

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THE TAJ'S PEOPLE PHILOSOPHY AND STAR SYSTEM

“The employee at Taj is viewed as an asset and is the real profit center. He or she is the very reason for our survival. The creation of the Taj People Philosophy displays our commitment to and belief in our people. We want an organization with a very clear philosophy, where we can treasure people and build from within.”

- Bernard Martyris, Senior Vice-President, HR, Indian Hotels Company Limited (IHCL).

INTRODUCTION

In March 2001, the Taj Group¹ launched an employee loyalty program called the ‘Special Thanks and Recognition System’ (STARS). STARS was an initiative aimed at motivating employees to transcend their usual duties and responsibilities and have fun during work. This program also acknowledged and rewarded hard working employees who had done excellent work.

The Taj Group had always believed that their employees were their greatest assets and the very reason for the survival of their business. In 2000, to show its commitment to and belief in employees, the Taj Group developed the ‘Taj People Philosophy’ (TPP), which covered all the people practices of the group. TPP considered every aspect of employees’ organizational career planning, right from their induction into the company till their superannuation.

TPP offered many benefits to the Taj Group. It helped the company boost the morale of its employees and improve service standards, which in turn resulted in repeat customers for many hotels in the group. The STAR system also led to global recognition of the Taj Group of hotels in 2002 when the group bagged the ‘Hermes Award’² for ‘Best Innovation in Human Resources’ in the global hospitality industry.

THE TAJ PEOPLE PHILOSOPHY

Since its establishment, the Taj Group (Refer Exhibit I) had a people-oriented culture. The group always hired fresh graduates from leading hotel management institutes all over India so

¹ The Taj Group of Hotels is run by IHCL, a part of the Tata Group. IHCL was founded by Jamsetji Nusserwanji Tata on April 1, 1902. The hotels in the Taj Group fall into three categories – hotels owned by IHCL and its subsidiaries; hotels owned by associate companies; and hotels with third party management contracts in which IHCL has no stake.

² The ‘Hermes Award’ is decided by a 22-member jury, which includes representatives from top hospitality chains from all over the world. This is the only award given for human resources in the hospitality industry and is also one of the most prestigious awards in the hospitality industry. 120 applications were received for the award for the year 2002, among which five were short-listed for the final round. The Taj Group won the award for its innovative ‘STAR’ program.

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that it could shape their attitudes and develop their skills in a way that fitted its needs and culture. The management wanted the new recruits to pursue a long-term career with the group. All new employees were placed in an intensive two-year training program, which familiarized them with the business ethos of the group, the management practices of the organization, and the working of cross-functional departments.

The employees of the Taj Group were trained in varied fields like sales and marketing, finance, hospitality and service, front office management, food and beverages, projects, HR and more. They also had to take part in various leadership programs, so that they could develop in them a strong, warm and professional work culture. Through these programs, the group was able to assess the future potential of the employees and the training required to further develop their skills. The group offered excellent opportunities to employees both on personal as well as organizational front³. In order to achieve 'Taj standards,' employees were made to undergo a rigorous training program (Refer Exhibit II). The group strove hard to standardize all its processes and evolve a work culture, which appealed to all its employees universally.

The group believed that talent management⁴ was of utmost importance to develop a sustainable competitive advantage. The group aimed at making the HR function a critical business partner, rather than just a support function. To further show its commitment to and belief in employees, the group created the 'Taj People Philosophy' (TPP) covering all people practices of the group. The concept of TPP, developed in 1999, was the brainchild of Bernard Martyris (Martyris), Senior Vice-President, HR, IHCL, and his core team. The concept, originally planned to be called as 'The Womb to Tomb Approach,' covered all the aspects of an employee's career, from joining the group until his/her retirement. TPP was based on the key points of the Taj employee charter (Refer Table I). It was developed in line with the Tata Business Excellence Model (TBEM)⁵. Explaining the rationale for implementing the philosophy, Martyris said, "It is to achieve that international benchmarking in hospitality, and HR must fit into it." According to him, the three major areas of TPP included work systems and processes; learning and development; and employee welfare.

TABLE I
KEY POINTS OF THE TAJ CHARTER

<p>Some of the key points of the Taj Charter are given below:</p> <ul style="list-style-type: none"> • Every employee of the Taj Group would be an important member in the Taj family. • The Taj family would always strive to attract, retain and reward the best talent in the industry. • The Taj family would commit itself to formal communication channels, which would foster transparency.

Source: www.tata.com

³ On personal front, the Taj Group offered its employees personal counseling and empathized with their problems. On organizational front, it offered its employees ample scope for career advancement, training programs, excellent opportunities for learning and sharing, and self-development programs.

⁴ The strategic and tactical management of talent in the organization. Talent Management is a strategic business function that involves an organization's ability to attract, recruit, hire and retain the right talent at the right time and align it with its business goals.

⁵ TBEM provides guidelines for the introduction of business systems into the organization and correlates business performance and rewards to individuals. The TBEM includes systems for reviewing talent and offering opportunities across various functions within the group companies.

As part of the TPP, the Taj Group introduced a strong performance management⁶ system, called the Balanced Scorecard System (BSS) that linked individual performance with the group's overall strategy. BSS was based on a model developed by Kaplan and Norton⁷, and focused on enhancing both individual as well as enterprise performance. BSS measured the performance of employees across all hierarchical levels against a set of predefined targets and identified their variances. Martyris explained, "We are looking at a matrix form of organization which cuts across hierarchy. It is important to understand the potential of people." Therefore, BSS was implemented even at the lowest levels of the hierarchy.

The BSS included an Employee Satisfaction Tracking System (ESTS), which solved employees' problems on a quarterly basis. As a part of ESTS, Taj carried out an organization wide employee satisfaction survey in mid 2000 of about 9000 employees. According to this survey, the reported satisfaction level was about 75 percent. The group aimed to increase this level to 90-95 percent, and eventually to 100 percent.

The group also took strong measures to weed out under-performers. The group adopted the 360-degree feedback system to evaluate the performance of all top officials, from the Managing Director to departmental managers, in which they were evaluated by their immediate subordinates. The 360-degree feedback was followed by personal interviews of individuals to counsel them to overcome their deficiencies.

The Taj Group also established Centers of Excellence for its 14,000 employees at five locations in India including Jaipur, Bangalore, Ernakulam, Chennai and Hyderabad. At these centers, departmental heads in each functional area were trained. These departmental heads later trained their own staff. The training included foundation modules and accreditation programs that familiarized the employees with Taj standards.

Apart from adopting stringent measures to improve performance, Taj also recognized and rewarded its best employees across all levels of the organization. For this purpose, Taj created a unique employee loyalty and reward program known as STARS. Describing the program, Martyris said, "It's an HR initiative aimed at creating an association 'between our star performers and our brand, the Taj.'"

THE STAR SYSTEM

The STAR system (STARS) was the brainchild of Martyris. The system was developed in accordance with Taj's core philosophy that 'happy employees lead to happy customers.' STARS, operative throughout the year (from April to March), was open to all employees across the organization, at all hierarchical levels. It aimed to identify, recognize and reward those employees who excelled in their work. STARS was actively promoted across the group's 62 chain of hotels and among its 18,000 employees globally, out of which 15,000 were from India.

STARS had five different levels. Though employees did not receive any cash awards, they gained recognition by the levels they attained through the points they accumulated for their acts of kindness or hospitality. 'Level 1' was known as the 'Silver Grade'. To reach this level, employees had to accumulate 120 points in three months. To attain 'Level 2', known as the 'Gold Grade,' employees had to accumulate 130 points within three months of attaining the silver grade. To

⁶ Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a total work system that begins when a job is defined as needed. It ends when an employee leaves the organization.

⁷ Professors at the Harvard Business School (HBS).

reach 'Level 3', called the 'Platinum Grade', employees had to accumulate 250 points within six months of attaining the gold grade. To attain 'Level 4', employees had to accumulate 510 or more points, but below 760 points, to be a part of the Chief Operating Officer's club. 'Level 5' which was the highest level in STARS, enabled employees to be a part of the MD's club, if they accumulated 760 or more points.

Points were granted to employees on the basis of parameters like integrity, honesty, kindness, respect for customers, environmental awareness, teamwork, coordination, cooperation, excellence in work, new initiatives, trustworthiness, courage and conviction, among others. Suggestions by employees that benefited the organization fetched them significant points (Refer Exhibit III). Such suggestions in each hotel of the Taj Group were examined by the General Manager, HR Manager and training manager of the hotel the employee worked in. The suggestions could also be posted on the web, which were constantly monitored.

Employees could also earn points through appreciation by customers, 'compliment-a-colleague' forums⁸ and various suggestion schemes. Employees could also get 'default points' if the review committee did not give feedback to the employee within two days of his/her offering a suggestion for the betterment of the organization. In such cases, the employee concerned was awarded '20 default points.' Hence, in an indirect manner, the system compelled judges of the review committee to give feedback to employees as early as possible.

STARS helped employees work together as a team and appreciate fellow employees for their acts of kindness and excellence. It enhanced their motivation levels and led to increased customer satisfaction. In one case, a bellboy in one of the group's hotel who received an American customer went out of his way to care for the customer. Noticing that the customer, who had arrived late at night, was suffering from cold, he offered to bring him a doctor. However, the customer refused the boy's offer. The bellboy then, on his own, offered a glass of warm water mixed with ginger and honey, a traditional Indian home remedy for cough and cold. The customer felt surprised and also happy at the bellboy's gesture. He left a note of appreciation for him, which added to his existing points.

According to the number of points accumulated, employees would receive a star, which could be pinned on to their coat. When a certain number of points were collected, employees received gift hampers, cash vouchers or a vacation in a Taj Hotel of their choice in India. The winners of STARS were felicitated at a function held in Taj, Mumbai. The winners' photographs were displayed on a big screen at the function and they received awards given by the MD of the Taj Group. This awards ceremony significantly boosted their morale.

The STARS program had generated lot of attention among the employees at the Taj Group. During the initial phase, not every hotel seemed to be serious about adopting STARS, but after the first awards ceremony was conducted, every hotel in the group reportedly became very serious about the implementation of STARS. Reportedly, customer satisfaction levels increased significantly after the implementation of STARS. Commenting on the success of STARS, Martyris said, "After the campaign was launched, a large number of employees have started working together in the true spirit of teams and this helps us value our human capital. There are stars all around us but very often we look only at stars outside the system. Many employees do that extra bit and go that extra mile, out of the way to dazzle the customer satisfaction with employee recognition. Employee recognition is, hence, directly linked to customer satisfaction. It is recognition for the people, of the people and by the people." STARS was also used by the group as an appraisal system, in addition to its regular appraisal system.

⁸ The program encourages the employees to work together and compliment each other.

THE FUTURE PLANS

The STARS was not only successful as an HR initiative, but it brought many strategic benefits to the group as well. The service standards at all hotels of the group improved significantly because the employees felt that their good work was being acknowledged and appreciated. This resulted in repeat customers for Taj hotels. Because of STARS, the Group won the 'Hermes Award 2002' for 'best innovation in HR' in the hospitality industry. Analysts felt that the fame and recognition associated with the winning of the Hermes award would place the Taj Group of hotels at the top of the list of the best hotels in the world. The group also received requests for setting up hotels in Paris (France), where the 'Hermes award' function took place.

The HR practices at the Taj Group attracted several Human Resources and Organizational Behavior experts' world over. In late 2001, Thomas J. DeLong, a professor of Organizational Behavior from Harvard Business School (HBS), visited India and interviewed various employees in the Taj Group. After his visit, the Taj Group was "envisioned as an example of organizational transformation wherein key dimensions of cultural change went into the making of global managers." Analysts also felt that social responsibility and people-centric programs were the core values at Taj Group, which were well demonstrated through the 'Taj People Philosophy.' Martyris said, "The challenges here lay in retaining the warmth and relationship focus of the Taj and inculcating a systems-driven approach to service."

Analysts felt that the Taj Group had been highly successful because of its ability to provide better opportunities and give greater recognition to its employees, which motivated them to work to the best of their abilities. The Employee Retention Rate (ERR) of the Taj Group was the highest in the hospitality industry because of its employee-oriented initiatives. In spite of the highest ERR; Martyris felt that the retention of talent was Taj's major challenge⁹. He said, "Our staff is routinely poached by not just industry competitors but also banks, call centers and others. In 2002, in the placements process at the hotel management institute run by the Taj, more than half of those passing out were hired by non-hospitality companies. While we are happy to see the growth and opportunity for this sector, we also feel there is a need for introspection. Are we offering swift and smooth career paths to our employees? How am I to retain staffers from moving across industries?"

In late 2002, the Taj Group, to demonstrate its strong belief in employees, announced plans to make further investments in training, development, and career planning and employee welfare. The group also tried to standardize its various processes and develop a common work culture. After winning the Hermes Award in 2002, the group also planned to nominate the BSS for the Hermes Awards 2003.

QUESTIONS FOR DISCUSSION:

1. "The Taj People Philosophy was developed to show the Taj Group's commitment to and belief in employees." What did the philosophy entail and what were its key components? Explain.
2. The STARS program was created to reward employees to deliver their best at the workplace. In what way did this program acknowledge the work of its employees, and what were the various levels of recognition it offered to its best employees? How did the program achieve its goal? Explain.
3. STARS was not only successful as an HR initiative, but it brought several strategic benefits to the Taj Group. What were the various benefits brought about by the STARS program to the employees and the group? How? Discuss.

⁹ 'The Taj's Stars Shine Bright' by Sujata Chakraborty, www.tata.com, November 15, 2002

EXHIBIT I**THE TAJ GROUP OF HOTELS – AN OVERVIEW**

The Taj Group owns about 62 hotels in 43 different locations, of which 50 hotels are spread over 34 places in India and 11 hotels are spread across 9 locations outside India. It has hotels at various places in the world in Dubai, Nepal, Maldives and Sri Lanka.

The Taj Group of Hotels offers various product lines to its customers, which include palace hotels, luxury hotels, business hotels and beach resorts. The beach resorts are situated in Goa, Cochin, Maldives and Bentota. The Taj owns three major brands of hotels – The Luxury Collection, Taj Business Hotels and Taj Leisure Hotels.

The Luxury Collection hotels focus mainly on business travelers and upper class tourists. These hotels are located at various places in India, in major cities like Mumbai, Delhi, Kolkata, Chennai, Bangalore and Hyderabad. Though these hotels were designed in a manner that conformed to regional tastes, they had world-class amenities, which comprised state-of-the-art corporate centers and Internet facilities. The Luxury Collection hotels were located in the 'heart of cities' and its members included a large number of people who were members of top hotels around the globe.

Taj Business hotels are mostly located in large industrial cities like Bangalore, Delhi and Mumbai. These hotels targeted mid-management business travelers. They offered them state-of-the-art facilities and complete 'value for money.' The Taj Group believed that this brand of hotels would contribute maximum revenues and profits in the long run, which would enable them to grow further.

Taj Leisure hotels comprise various sub-categories of hotels, which include beach resorts, palace hotels, garden retreats, hotels situated around historic monuments, pilgrim centers and wildlife sanctuaries. These leisure hotels are set up in Goa, Rajasthan and Kerala in India and are global attractions for foreign travelers. The garden retreats are small hotels with less than a hundred rooms. They are situated in wildlife sanctuaries, picturesque locales and places of natural scenic beauty.

Source: www.web7.epnet.com

EXHIBIT II

TRAINING PROGRAMS AT THE TAJ

The Taj Exotica, one of the group hotels of the Taj Group offered on-the-job-training to its employees. The Taj Exotica considered Human Resource Management and Training & Development its key strength in the competitive hotel industry. It had a trainer for each department and division of the hotel. It also offered department-centric training programs based on the individual skills and training needs of each person.

In the Taj Exotica, freshers were inducted with a lot of warmth and were introduced to the company's vision and mission, so that they always strove to fulfill the company's goals. After induction, new employees were trained by their respective departments. In addition to the basic training required in the hospitality industry, the Taj Exotica also offered various other training programs like behavioral training, vocational training, training in social etiquette and manners, 'spirit of hospitality' programs, and specialized training in knowledge and skills. There was a high degree of communication with the guests. Employees were also trained in all the areas of the hospitality industry like serving, grooming, taking orders, friendly and polite behavior, and various other dimensions concerned with the service industry. Taj Exotica has frequent training and coaching programs to upgrade employee skills and develop them into a poly functional personality.

Taj Exotica believed that existing employees need to be trained effectively to increase their competency levels. Recognizing the importance of training, the Taj imparted training to all its employees at all levels of the organizational hierarchy. It offered a comprehensive training package to its employees.

Source: Compiled from www.expresshotelierandcaterer.com and www.mondaytimes.com.mv

DO NOT

EXHIBIT III
SUGGESTIONS MADE BY EMPLOYEES OF THE
TAJ GROUP UNDER THE STARS

After the 'STAR' initiative was launched, the following suggestions were made by Taj Group employees and accepted by the organization:

- Name of employee: G. L. Murthy
Level: **Silver level**
Location: Taj Krishna, Hyderabad.

Suggestion: It is suggested that cars owned by in-house guests and parked in our hotel overnight should be cleaned and a small note left behind for the guest saying, 'Your car has been cleaned.' This act will dazzle and delight our guests.

- Name of employee: P. Makhania
Level: **Silver level**
Location: Taj Mahal, Mumbai.

Suggestion: Room No 287 is kept as or designed for handicapped/disabled people. I suggest we keep a bulb, which flickers when someone rings the bell (this for a guest who is deaf but not blind). It could be just like the housekeeping corridor bulb.

Source: www.tata.com

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