Read the case carefully and answer the questions given below

SAS Pvt. Ltd. is probably the least-well known major software company, in India. The company makes statistical analysis software (hence the acronym SAS). And the company is growing very rapidly from
1900 employees five years ago, it now has 5400 employees. But SAS is not your typical software company. It is not your typical `anything' company. At its headquarters, just outside Bangalore, there is a
36,000 square-foot gym for employees. There is a full-length basketball court, pool tables, a private sky-
lighted yoga room and workout areas. Outside, there are soccer and cricket fields. Massages are available several times a week and classes are offered in dance and tennis. The company also operates the largest day-care facility in India. To encourage families to eat lunch together, the SAS cafeteria supplies baby seats and high chairs. To encourage families to eat dinner together, the company has a seven-hour work day, five days a week. Unlike many work-obsessive software firms, most SAS employees leave the office by 5 pm. Management likes to call its work place culture "relaxed".

The list of employee amenities at SAS goes on and on. Unlimited tea, coffee and juice. One week paid vacation during Diwali. An on-site health clinic staffed with six nurses and two doctors. Zero cost to employees for health insurance. Casual dress every day.

Is this any way to run a business ? Management thinks so, SAS's strategy is to make it impossible for people not to do their work. Even though the company provides no stock option plans and salaries no better than the competition, the company has built an unbelievably loyal workforce. Whereas competitors typically have turnover rates above 30 percent, SAS's rate has never been higher than 5 percent. Management claims that it saves Rs. 75 lakhs a year just in employee replacement-related costs such as recruitment, interviews, moving costs for new hires and lost work time.

Just in case any one wonders if the company makes any money, we'll add the following. SAS is owned by just two people Rahul Sharma and Deepak Ahuja. They were recently listed as being in the top 100 richest people in India.

Questions :

(1) Are progressive HR practices like those at SAS, a cause or a result of high profits ?

(2) What possible problems could the management at SAS face (from employees) due to the benefits offered ?

(3) If you are appointed as the HR manager at SAS, what changes would you recommend in the compensation structure ?

---

(1) Are progressive HR practices like those at SAS, a cause or a result of high profits?

Answer: The case doesn't explicitly state whether the progressive HR practices at SAS are a cause or a result of high profits. However, it can be inferred that these practices are more likely a cause and a strategic decision by management. By creating a positive and employee-centric work environment with attractive benefits and amenities, SAS aims to foster a highly motivated and loyal workforce. This, in turn, may lead to higher employee productivity, lower turnover rates, and increased employee satisfaction, all of which can contribute to the company's overall success and potentially lead to higher profits.

---

(2) What possible problems could the management at SAS face (from employees) due to the benefits offered?

Answer: While the benefits offered by SAS are undoubtedly attractive, there could be some potential challenges for the management:

- Entitlement Issues: Some employees might develop a sense of entitlement, expecting even more benefits or perks in the future.
- Cost Management: The extensive employee benefits may increase the company's operating costs, which the management needs to balance with the company's financial sustainability.
- Equity Concerns: Some employees may feel that certain benefits are unequally distributed among different levels of the workforce.
- High Expectations: Employees might come to expect similar benefits from other companies in the future, making it difficult for SAS to maintain its competitive edge in the job market.

---

(3) If you are appointed as the HR manager at SAS, what changes would you recommend in the compensation structure?

Answer: As the HR manager at SAS, I would consider the following changes to the

compensation structure:

- Performance-Based Bonuses: Introduce performance-based bonuses to reward exceptional individual and team achievements. This would further motivate employees to perform at their best and align their efforts with organizational goals.
- Long-Term Incentives: Implement long-term incentive plans, such as stock options or restricted stock units, to retain top talent and encourage loyalty towards the company's long-term success.
- Variable Benefits: Offer employees the option to choose from a range of flexible benefits, catering to individual needs and preferences.
- Career Growth Opportunities: Emphasize professional development and career growth opportunities to encourage employee engagement and retention.
- Benchmark Salaries: Conduct regular market surveys to ensure that the base salaries remain competitive within the industry and the local job market.
- Employee Communication: Improve communication channels to gather feedback from employees on their preferences for benefits and overall job satisfaction.