

Case Study

JACK PALMER CHALLENGES INTEGRITY IN INFOSYS TECHNOLOGIES LTD.

Ajay Kumar Singh*

INFOSYS Technologies, founded in 1981 with a seed capital of \$250 is today a global leader in IT and consulting with revenues in USD 4.8 billions reported for 2010 fiscal in the Annual Report. N. R. Narayana Murthy, one of the seven founders, served as the CEO of Infosys for 21 years before handing over the reins to Nandan M. Nilekani. Lately Kris Gopalakrishnan, the Indian industrialist, software engineer and one of the 7 founders of Infosys Technologies took the reins from Nandan Nilekani. A highly ethical and motivational leader, Murthy is a recipient of several awards. He was honoured with the Padma Vibhushan, the second highest civilian award by the Government of India, in 2008. In 2004, Time magazine identified him as one of the 10 global leaders who are helping shape the future of technology. A visionary, Narayana Murthy has put in efforts to ensure that Infosys follows a culture of meritocracy where anyone could be boss.

Leadership development initiatives at Infosys Technologies are commendable which most of the organizations don't put much attention to. Infosys Leadership Institute (ILI) established in 2001 was fully dedicated to this initiative, and every year over 100 potential leaders were groomed. There was a systematic selection process to shortlist candidates for the three year leadership development program at ILI. The interventions and leadership development program was based on the 'nine-pillar' [360-degree feedback, development assignments, Infosys Culture (IC) workshops, development relationships, leadership skills training, feedback intensive programmes, systemic process learning, community empathy, and action learning] model, and formulated incorporating the best practices in leadership development followed by successful global companies.

The Core Values of Infosys are:

- Customer Delight
- Lead by Example
- Integrity and Transparency
- Fairness
- Excellence

Infosys has also developed the PSPD Model (predictability, sustainability, profitability, and de-risking) that ensures high standards for all stakeholders. This has included the development of strong

* Coordinator – MHROD Programme, Department of Commerce, Delhi School of Economics, University of Delhi, Delhi, India and Hon. President – Governing Body – Society for Human Transformation and Research, Delhi School of Professional Studies and Research (Approved by AICTE), Delhi, India.

Ajay Kumar Singh

management systems to guarantee accountability at all times with procedures in place for grievances and such like. One example is the case of a much publicised sexual harassment claim, settled out of court, but that has resulted in the reviewing and improvement of staff, awareness of this problem, and the introduction of a code of conduct for employees on acceptable behaviour.

Recently a shocking news came against Infosys that Jack Palmer, who has been working with the company as a principal consultant since August 2008, has filed a complaint with the Alabama Court saying the company was sending employees on B1 visas to work full time in the US, though the visa is only meant for visitors who come for meetings, conferences, and business negotiations.

In his complaint, he has also accused Infosys of not paying federal and state taxes in the US. The US is the most crucial market for Infosys from where it draws over 60 per cent of its revenues. About 15,000 people are employed by the company in that country.

Palmer said Infosys had asked him to come down to its headquarters in Bangalore to devise ways to overcome the restrictions on H1B visas that had been put in 2009. He was also asked to write “welcome letters” for Indian employees so they could come on B1 visas.

An Infosys spokesperson said he could not comment on the matter as it was subjudice, and the company would defend itself.

Palmer said he had taken up the matter with the company’s corporate counsel Jeff Friedel, and that subsequently a manager from India confirmed the violations but asked him to keep things quiet. Friedel also confirmed the fraud to him, Palmer said in his complaint.

Palmer said he had also filed a complaint with the ‘Whistleblower team’ which did not investigate the matter thoroughly and that he had been receiving threatening phone calls from the company, and was “subjected to constant harassment, threats, and retaliation”.

A company executive said on condition of anonymity that this was a case filed by a disgruntled employee and that a company as transparent as Infosys did not have reason to worry. The executive also said he did not see this impacting the company’s image in the US in any way.

Immigration experts such as Morley J Nair say US consulates have already made it tougher for Indian professionals to get work permits. “Going by anecdotal evidence, the rate of denials seems to have gone up substantially at US consulates, especially at consulates in India. Even if visas are issued, often they are issued only after applicants are put through a grueling process to present more elaborate evidence about the US employment,” Nair said. He added that Indian companies will need to hire more locally in order to avoid regulatory and other challenges.

Questions

1. Do you think that Infosys has moved away from its core value of Integrity or it is just a complaint of one disgruntled employee and Infosys image in the US is not at stake? Give reasons for your answer.
2. The case filed by Palmer questions the success of Leadership Development Initiative of Infosys?
3. Assume that you are the CEO, what action you would take in this situation?
4. Discuss the learning lessons for the HR department in this case.