

## HARI KRISHNA DIAMOND CUTTING: RETAINING TALENT IN TIMES OF CRISIS

*Nikita Sharma and Archana Shrivastava wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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Dear God:

We pray to you today, that the diamonds or the diamond jewellery we make/manufacture, the buyer/person who wears them, and the maker/artisan as well as seller may always remain happy and at peace.

Corporate Prayer: Hari Krishna Exports Pvt. Ltd.

In June 2014, Mahesh Kumar, chief production manager at Hari Krishna Exports Pvt. Ltd. (HKE), a diamond manufacturer and exporter in India, looked out at the beautiful green campus spread across 50,000 square metres surrounded by a state-of-the-art wellness and fitness centre, a gymnasium, cricket grounds, a meditation centre, a health and physiotherapy centre, a swimming pool, volleyball courts, a Krishna (Hindu god) temple, running tracks, and employees moving around with smiles on their faces. He reminisced about the challenges faced by the company after the global financial crisis in 2007, when Indian exports had suffered a setback. The diamond market in India was reeling from the pang of recession. Many diamond-processing units in Surat<sup>1</sup> were shut down, leaving thousands of workers jobless and pushing some of them towards crime and despair.<sup>2</sup> The situation turned precarious with the existing diamond-cutting units struggling to survive. Thousands of diamond manufacturing workers employed in Surat were compelled to find other work. There was panic among diamond manufacturing unit owners as well as diamond artisans. Frequent reports in the media added more panic to the existing situation. The faith and trust of the workers were badly shaken. HKE stood at a crossroads where it faced a tough challenge between low growth and profitability, and its duty towards its employees.

The economy had begun improving after 2011, which led to an increase in demand from Western consumers. The market also revived, but despite the recovery of the diamond-cutting industry and an excess

<sup>1</sup> Surat, a port city previously known as Suryapur, was the economic capital and former princely state in the Indian state of Gujarat.

<sup>2</sup> Ruddar Datt, "Global Meltdown and Its Impact on the Indian Economy," *Mainstream Weekly* XLVII, no. 15 (March 2009), accessed June 19, 2017, [www.mainstreamweekly.net/article1261.html](http://www.mainstreamweekly.net/article1261.html).