CHAPTER - 1

INTRODUCTION AND DESIGN OF THE STUDY
CHAPTER I

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1.1 INTRODUCTION

Quality in organizations has been the focal point of several studies in the past decade. As organizations seek to generate a competitive advantage, the theorists have required understanding the connotation of quality in different fields. Most of the industries realize that 'Quality management' is a key source to competitive advantage. Quality management principles and techniques are now a well-accepted part of almost every manager's 'tool kit'. Registrations to the ISO 9000 standard have grown rapidly in recent years with 343,643 certificates in 150 countries at the start of year 2000, with a growth of registration 71,769 over the previous years.

Economic and commercial development of society leads to a concurrent growth of high quality goods and services. To compete and survive well, Indian companies are forced to achieve quality management capabilities. Certification of ISO and quality of jobs is closely related to many aspects of individual's life, an organization's function and a society's welfare. ISO raises the quality of products or may be the progress of the industry. But identifying the quality needs and changing the need pattern may be due to managerial performance. Urge for quality products and services makes the managers to be productive in their ways and guide the people with company's vision, mission and quality policy. Thus managers need to analyze organizational design, cultural
imperatives, people's problems and their performance systems to produce quality products and to be on track with quality management systems. This may lead to highlight several other issues related to managerial effectiveness.

From a theoretical point of view, a number of positive effects on the quality of work life of the employees could be expected at least from some of the organizational practices related to an institutionalization of quality in an organization. Empirically some authors proved quality is significantly related to quality imperatives, but the issue of quality of work equals to quality of life is still pursued in Indian industries and the paper industries are not an exceptional one.

Post liberalization of environment gives rise to a number of industries which brings competitive business war in India. Today paper industry represents an important segment of the Indian economy. The Indian paper industry has found itself deal with international competition. The Industry has witnessed a steady increase in installed capacity and production over decades. Production of paper continued to grow at a healthy pace, and rose by a handsome 4.7% as compared to a muted 1.9% growth registered during the corresponding period last year 2006.

Empirical studies show that the majority of the literature on quality management continues to be an anecdotal (e.g., Crosby 1979; Deming 1982; Juran 1989) or comprise of descriptive case studies (e.g., Walton 1986; Ross 1993). Quality has been cited as an issue of strategic importance (Tan et al. 1999, Narasimhan and Jayaram 1998, Ulusoy 2003, Tan et al. 2002, Olhager and Seldin 2004, Kanji and Wong 1999, Mangiameli and Roethlein, 2001) and as best practices (e.g., Ulusoy 2003, Tan et al. 2002, Forker et al.

Some studies have empirically investigated how the factors associated with TQM predict customer perception of quality (Wong 2003; Waldman and Gopalakrishnan 1996; Forza and Filippini 1998) and some studies focused the effectiveness towards competitiveness (Tan et al. 1999; Yeung et al. 2003; Ahire and Dreyfus 2000). Yet the task of unraveling this construct, quality management/environmental management relationship with managerial effectiveness and quality of work life is still far from complete.

1.2 NEED FOR THE STUDY

Improvement in quality of life of people is the national objective of all nations. Business firms cannot shirk their national responsibility. Effectiveness’ is seen as something a manager produces from a situation by managing it appropriately, producing the results or meeting the targets in every sphere of activities of organizations.
Managers have many resources at their disposal and the quality of work is dependent on how well these resources have been used. In most of the countries of world, emergence of concern for quality of work life can be traced to the revival of interest in the large area of 'quality of life'. When a business firm focused its attention to their quality products and profits, managers ought to feel proud of being a participant in the national enrichment. This calls for attitudinal changes in manager's cadre. Going for ISO certification calls for innovative management methods in the entire gamut of production and operation management, distribution managements, human resource management, marketing strategy, etc. A manager who is at the level of operating quality policies in any organizations professes pursuing the objective of improving 'quality of life' of people through enhancing technical, conceptual and human skills. However, in spite of the professed involvement of managers in quality endeavour, survey of available literature suggests that there has been little effort as far as the systematic evaluation of quality, managerial effectiveness and quality of work life are concerned. The present study is focused on technical (ISO certification), human (Quality of Work Life) and organizational (Managerial Effectiveness) interface to analyze the impact of ISO on managerial effectiveness and quality of work life in an Indian paper industry namely Seshasayee Paper and Boards Limited (SPB).

1.3 STATEMENT OF THE PROBLEM

During the recent years Indian Industry has been subjected to the clarion call that the quality of products and services need to be improved to match the level of their superior counterparts in the foreign countries. The globalization of our economy unit emphasis on adoption of ISO-9000 quality standards and fierce competition in the world
market are also found to be important factors contributing to the initiation of quality improvement programmers in Indian Paper Industries. The issues like quality of work is equal to quality of life are now prevailing in almost all the industries in India.

Several researchers like Monga and Maggu (1981) empirically proved that attitude of workers towards work is said to be poor, that there is continuous and spiral demand for fair-wage, better conditions of service and general welfare. The prevalent challenges faced by managers, leaders, entrepreneurs, organizations and institutions in general are keeping themselves abreast the dynamic technologies and market conditions. There is a general feeling that workers’ low productivity and quality in both the public and private sectors of the economy still exists. Other than this, new problems affecting the certification of ISO fall in several categories. Some problems surfaced in the result of new technological development are – The challenges faced by managers in getting workers to do, what they need to do in order to achieve the organization’s quality goals and objectives with the efficiency it deserves. The next problem deals with the weakness in an enterprise’s organizational operations. The lack of any tradition of personal responsibility in office work has retarded the development of effectively operating offices, making poorly prepared documents, inability to effectively processing data and chaotic scheduling underscore the ineffectiveness of managers. The problem of overall organizational ineffectiveness of enterprises in transforming the organization towards quality management system is the lack of adequate control systems and the lack of understanding the quality policy, quality objectives, company’s vision, mission etc. Transformation of process and exploiting the new opportunities may lead continuous absence, not supporting managerial decision-making, lack of training, destabilizing
quality productivity, etc. All these problems may mount pressure on corporate management to continuously review and adopt quality strategies to manage people for optimum outputs and harmonious industrial relations and finally quality of work life. Nevertheless, the symptoms of problems in the study area varied in nature. More emphasis on production and quality, greater employee involvement in the design and execution of work, downsizing the work force i.e. decreasing number of people working under ‘permanent’ employment, and the proliferation of other types of work arrangements such as temporary work, contract work, high responsibilities for managers, over quality consciousness, no absenteeism, instead of it over working hours/days, extensive use of official work time in pursuing productivity, no replacement or less number of replacement for turnover (especially in case of retirement and VRS), increasing areas of managers’ involvement in the conception, execution and control of work, greater focus on workplace relations and quality policies and practices. Hence, the key problem under study in this work is that disposition of management in quality imperatives exists in any paper industry in India which goes in for certification of ISO, and what corporate body should do to handle these attitudinal and behavioral qualities to ensure optimum performance is focused in the present study.
1.4 OBJECTIVES OF THE STUDY

This research has been undertaken with the following objectives:

a) To understand the managerial process of Seshasayee Paper and Boards Limited.

b) To study the various aspects of ISO certification process.

c) To analyse the impact of ISO on Managerial Effectiveness of Seshasayee Paper and Boards Limited.

d) To analyse the impact of ISO on Quality of Work Life of managers of Seshasayee Paper and Boards Limited.

e) To suggest better ways and means to improve Managerial Effectiveness and Quality of Work Life.

1.5 METHODOLOGY

The validity and reliability of any research depends upon the systematic collection of data and analysis. This study used both primary as well as secondary data. The primary data were collected from 138 managers working in SPB. Field survey technique was employed to collect firsthand information from the respondents. For this purpose, a well-structured questionnaire was framed and pre-tested. After the pilot study data were collected directly by the researcher from all the managers (census study) working in SPB. The data thus collected were arranged in orderly form and simple tables were framed.

The collected data were analyzed with the help of appropriate statistical tools such as Percentage, Mean, Range, Standard Deviation and ANOVA. In addition to
these tools, suitable models were chosen. They are multiple regression analysis and factor analysis. The core of the study focused towards impact of ISO on managerial effectiveness and quality of work life. Hence, variables were selected as dependent variables separately, the managerial effectiveness was ascertained by selecting the independent factors such as quality policy, human resources, customer focus, management control process, infrastructure facilities and methods of communication. Similarly, the other dependent variables i.e. quality of work life was studied by selecting the influencing independent factors such as recreation facilities for the employees, human relations, standard of work, social responsibility, management attitude and motivational factors.

1.5.1 Frame Work of the Analysis

To test the relationship between selected independent variables (ISO) and dependent variables (Managerial Effectiveness), ANOVA test was employed and the formula used is furnished below:

To judge the difference among several sample means whether it is significant or not, F-ratio is calculated as

\[
F\text{-ratio} = \frac{\text{Mean Squares (MS) between}}{\text{Mean Squares (MS) within}}
\]
Where,

\[ MS \text{ between} = \frac{\text{Sum of Squares (SS) between}}{(k - 1)} \]
\[ MS \text{ within} = \frac{\text{Sum of Squares (SS) within}}{(n - k)} \]

and \( k \) = Number of samples,
\( n \) = Total number of items in all the samples.

Similarly, to test the relationship between selected independent variables (ISO) and dependent variables (Quality of work life), the same formula was employed to judge the difference among several sample means whether it is significant or not.

A linear multiple regression analysis of the following form used for analyzing the primary data is furnished as

Regression model

\[ y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \ldots + \beta_j x_j \]

Where \( y \) = impact of ISO on Managerial Effectiveness

\( x_1 \) = Quality Policy
\( x_2 \) = Human Resources
\( x_3 \) = Customer Focus
\( x_4 \) = Management Control Process
\( x_5 \) = Infrastructure
\( x_6 \) = Methods of Communication
\( \beta_0, \beta_1, \beta_2, \ldots \beta_j \) are the parameters to be estimated

Similarly, the same formula was employed to measure the impact of ISO on quality of work life

Regression model

\[
y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \ldots + \beta_j x_k
\]

Where \( y \) = impact of ISO on Quality of Work Life

- \( x_1 \) = Recreational Facilities
- \( x_2 \) = Interpersonal Relations
- \( x_3 \) = Work Standards
- \( x_4 \) = Management Attitude
- \( x_5 \) = Social Responsibilities
- \( x_6 \) = Motivational Factors

\( \beta_0, \beta_1, \beta_2, \ldots \beta_j \) are the parameters to be estimated

In addition to this, the present study applies the factor analysis to find a method of summarizing the information contained in a number of original variables without a smaller set of new composite dimensions with a minimum loss of information. It tries to identify and define the underlying dimensions in the original variable. 75 variables were used in the calibration sample to develop a range of variables that may best approximate the structure of the data. Factor analysis is done in 5 stages:

1. First, the correlation matrix for all variables is computed. Variables that do not appear to be related to other variables are identified from the matrix. The appropriateness of the factor model has been calculated.
2. During factor extraction, the number of factor components necessary to represent the data and the method of calculating them are determined. At this stage, how well the chosen model fits the data is also ascertained.

3. Rotation, which follows factor extraction, focuses on transforming the factors to make them more manageable. The factor component matrix is rotated in order to group the components based on their closeness in association to enable easy interpretation.

4. The factor components are scrutinized and the grouping is fine-tuned. Sometimes human intervention may be needed to make the extraction more meaningful. No attempt was made to determine a single best variable because of the difficulties in making such a determination.

5. Scores for each factor are computed.

1.5.2 Secondary data

Besides the primary data, secondary data were also collected from the records maintained by SPB and the related review of literature and other details of ISO were collected from the leading library located in Chennai, Bangalore and Coimbatore. Further, certain information was collected from internal web sources.

The present study employs ratio analysis for analyzing internal secondary data to yield significant inferences about the 'firms' performance. Ratio is a relative figure which reflects the relationship between two variables which have quantitative relationship between two items / variables and it is used to interpret the performance, so that the strengths and weakness of a firm as well as its historical and current condition
can be determined. An attempt was made in this study to identify the personnel performance as well as development of the industry by using ratio analysis. These indicators along with Indices, Covariance, and Compound Growth Rate highlight the growth as well as the strength of relationship they have established with their personnel in provisos of ISO certification. The following ratios have been used in the present study.

1. Absenteeism rate = (Number of absentees during a period/Average number employed during a period )*100
2. Labour productivity = Sales value of Output(cost)/Number of workers
3. Total Factor Productivity = Quantity at standard price/(Labour cost + Material cost+ Overhead )
4. Cost-benefit ratio = Projected full cost of training/Predicted total operational benefit
5. R&D Intensity = R&D Effort/Sales
6. Separation Method = Number of Separation during the Period / Average number of Employees employed during the Period
7. Accession Method = Appointment/ Average number of Employees
8. Labour turnover = (Total Number of Employees at the beginning + Total number of employees at the end)/2
9. Market Share = (Paid up capital + Free Reserves)/ Paid up equity shares
1.6 PERIOD OF STUDY

The present study covers four years period. The review of literature and the conceptual framework of ISO details were collected within a span 18 months. Another one year and six months was taken to frame the questionnaire and collect the primary data from SPB. In addition to this data, the production progress, labour turnover, etc were studied by selecting 15 years data from 1990-2005. Data analysis and interpretation took another six months and the last six months were used for rough drafting and redrafting the final form. Thus, overall it took four years period.

1.7 SCOPE OF THE STUDY

The study highlights the importance of ISO certification in the present era of globalization. After globalization, all the industries operating in India are facing a tough time to provide World Class Standard quality. If they fail to provide such a quality, naturally the company will be sidelined from the race. The study focuses the impact of ISO certification and managerial effectiveness in SPB simultaneously. It also highlights the quality of work life of human resource employed in SPB after implementing ISO standards.

1.8 LIMITATIONS OF THE STUDY

The important limitations of the study are

1. Conceptually, this work has been limited to the study of ISO certification with reference to quality management and environmental management to ensure HRD intricacies of managers.
In terms of population, the study is limited to managers in Seshasayee Paper And Boards Limited only.

Bias of the respondents regarding their attitude towards different variables made the study little complicated.

1.9 CHAPTER SCHEME

The research report is presented under six major heads. These in turn contain further subsections which are ordered in a lucid manner to take the reader through the research study and its revelations. The arrangement of chapters and their respective contents are as follows.

Chapter I

Chapter I covers introduction and design of the study which includes introduction, need for the study, statement of the problem, objectives of the study, methodology, period of the study, scope, limitations and chapter scheme.

Chapter II

The second chapter deals with review of literature.

Chapter III

In the third chapter is an overview of ISO certification which highlights evolution of ISO and development of present scenario.
Chapter IV

The chapter IV presents the conceptual framework of Managerial effectiveness and quality of work life.

Chapter V

The chapter V deals with factors influencing to utilize ISO certification.

Chapter VI

In the last chapter, the key findings and conclusions are recapitulated. Based on these findings, a few suggestions are made.
REFERENCES


5. www.CPPRI.com


