CHAPTER - 5

MAJOR FINDINGS

- INDIAN SERVICES SECTOR: CHARACTERISTICS

- SCENERIO

- COMPLEXITIES IN PRODUCTIVITY MEASUREMENT

- OBJECTIVES ORIENTED PRODUCTIVITY MEASUREMENT

- HOW AND WHY OF PLRS

- SECTION - A
  - PERCEPTUAL RESPONSE

- SECTION - B
  - CASE STUDIES

- EMPLOYEES PROVIDENT FUND ORGANISATION

- ANALYSIS OF RESPONSE

- EMPLOYEE'S STATE INSURANCE CORPORATION

- ANALYSIS OF RESPONSE
MAJOR FINDINGS

INDIAN SERVICE SECTOR : CHARACTERISTICS.

5.1 It was widely believed that the ultimate philosophy and objective of the productivity management activities in service sector should also be consistent with those in manufacturing sector, based largely on principle of traditional mass production. However today this model is found to be obsolete. It is observed that the service sector has certain unique features with respect to mental attitude of management and employees towards the word 'productivity' as opposed to operational efficiency or other methods of performance measurement. The invisibility of quality of service and the difficulty to establish and apply the standards of work pose further challenges to application of conventional productivity measurement models to the service sector. In the process of this study and the light of the past professional experience of the researcher, the following important characteristics of Indian Service Sector Organisations have been identified.

i. Outputs are not tangible and immediate. No ordinal or cardinal quantitative measures are available for direct application.

ii. 'Input-process-output' chain is not clearly obvious. The difficulty in specifying outputs of service sector leads to the problems of defining the 'Input-process-Output' chain. Services may be given on a client-to-client basis and thus there are numerous types of service requirements as determined by the different types of customers. Consequently,
the input-process-output also has a lot of variability.

iii. Decision-making process is governed by complex procedures.

- Accordingly Public Sector or Govt. Organisations are governed by bureaucratic regulations and red tape. A number of clearance and approval actions may be required before a decision is made.

iv. The service is the output delivered across the counter. The consumption of service is immediate. No inventories can be piled-up. Quality control and learning from experience to ensure quality standard are, therefore, not practicable.

v. Goods are a physical result of production process. Therefore, the increase in efficiency can be measured. But Service is an action itself, what matters is the use that is made of this service which can only be appreciated qualitatively. If measured quantitatively alone it may not make much sense. For example, what matters is not that contract of insurance is 'produced' or that a payment is made after an accident. What is important is the 'Sense of Safety', the possibility of using a vehicle free from concern that accidents will lead to unbearable financial losses.

vi. The logic of production of services is different from that of production of goods. Also please see Exhibit 5.1.
EXHIBIT 5.1: GOODS VERSUS SERVICES SECTOR.

<table>
<thead>
<tr>
<th>GOODS</th>
<th>SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods are physical results.</td>
<td>2. Service is an action.</td>
</tr>
<tr>
<td>Production is first</td>
<td>Action of making use is first.</td>
</tr>
<tr>
<td>Goods are the aid</td>
<td>Services are aims of the system that uses them.</td>
</tr>
<tr>
<td>Goods are replicable</td>
<td>Services are unique.</td>
</tr>
<tr>
<td>Value is included in goods.</td>
<td>Value is partly transferred.</td>
</tr>
<tr>
<td>Quantity is first</td>
<td>Quality is first.</td>
</tr>
<tr>
<td>Productivity measures the production</td>
<td>External effects measure the use of</td>
</tr>
<tr>
<td>effectiveness.</td>
<td>effectiveness.</td>
</tr>
<tr>
<td>Technical progress improves productivity</td>
<td>Producer-beneficiary relation of services.</td>
</tr>
</tbody>
</table>
vii. The quality of goods is specified and can be measured in terms of its materials, processes and during use. In contrast, the primary output of a service sector cannot be inspected, the quality standards are decided by the expectations and perceptions of customers. Instead of specifications, the system is directed to 'customers delight'.

viii. The producer of service can establish a facility and induce customers. It is only when the customer comes and uses the facility, that a service is 'produced'. So the customers are a vital 'Co-Producer' of service.

ix. A striking feature is that the time required to obtain service is regarded as an element of quality of service. Although in manufacturing concern, the delivery time is certainly regarded as vital parameter of customer relations, it is not regarded as a part of quality.

SCENARIO.

5.2 Due to historical reasons and compulsions of developing Indian economy, influenced by the socio-politico-cultural factors, the service and infrastructural institutions were captive of traditional administrative outlook and have kept themselves isolated from modern concepts of service sector management. The present situation of the service sector in terms of what it looks like today could be summarised as:

1. Attitudes of employees who perceive themselves as 'Kings' beyond scrutiny as against Gandhiji's vision of 'Customer is
Chapter 5.

ii. Most of the organisations while having been established with noble objectives, have transformed several times over in the course of their existence and are now at crossroads, with no clear understanding of their objectives, future growth plans and other strategic inputs.

iii. Low awareness about the concept of Productivity and very few successful examples of conscious productivity improvement efforts in the service sector have resulted in a doubtful outlook towards productivity.

5.3 The situational compulsions however warrant a relook at the relevance and concept of productivity as applicable to service industry. The study reveals that the concepts of Profitability, Performance, Quality and Productivity connotes different meanings to evaluators when they are looking at organisations performing various kinds of roles in economy. For example, performance of a bank in view of certain defined objectives may be rated good if it has its branches in most of the remote villages and serves the customers at their door-steps. But this may adversely effect the profitability of the bank. An insurance company with given rates of claims may be very profitable and even the productivity of operations may be high but the performance from customer service angle may be unsatisfactory. Similarly, productivity of an university may be high as it makes best use of its resources like, stores and materials per student but this may have nothing
Chapter 5.

in common with the standard of education or quality of student output.

COMPLEXITIES IN PRODUCTIVITY MEASUREMENTS.

5.4 Thus the general notion prevails that the concept of Productivity is difficult to apply to services sector as output-input is not clear to define, let alone measure, analyse, plan and monitor. Thus generalisation of definitions and concepts of productivity as adopted by previous researcher in various PLRS lay the foundation for general model of productivity measurement in service sector. Productivity in its simplest form is the ability displayed by production factors to produce. "Productivity is the ratio between production and production factors that realised it", is a general definition in context of industrial production where production can be easily equated to a physical means. But several differences between the production of goods and production services create problems when the concept of productivity is applied to the service sector. Also the productivity just defined and measured as a ratio of output of activities and input based on manpower or capital, is a snapshot of the situation at a given point of time, and is far too narrow for interpretation since it disregards many more vital objective of the production of service. Thus the productivity measurement in service sector must be compatible with objectives of the concerned service sector, it should reflect-content,- style and -speed of response in organisation in the context of organisational objectives and
developmental objectives. Most of the emphasis of productivity measurement efforts in the existing models stops with the outputs i.e. revenue, profits, etc. Hardly any linkage of output with the organisational objectives have been found in the schemes chosen for the study. This kind of productivity measurement approach has lead to distortion of employee efforts and the organisation does not achieve what it is expected to achieve.

5.5 The experiments have established beyond doubt that productivity cannot be simply categorised as output-input at any specific level of organisational working. Based on our experience a service organisation’s performance can be conceptualised in FIVE-TIER model, where each level has specific input and output correlates in terms of its mission, goals, and activities, etc. Such delineation of a service organisation’s working has been found to be more amenable to understanding of its performance and thus measurement and monitoring of productivity.

OBJECTIVE ORIENTED PRODUCTIVITY MEASUREMENT.

5.6 Service organisations are being established with a view to contribute to the sectoral or subsectoral developmental objectives of the nation, with an ultimate objective of improving the equality of life. In this context, the design of a service sector can be conceptualised Exhibit 5.2: Actual applicability of the model has been demonstrated in Annexure-vii with the
## Exhibit 5.2 Objective Oriented Organisational Model

<table>
<thead>
<tr>
<th>Level of Operations</th>
<th>Measurement Parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Developmental objective</td>
<td>* Sector or subsector Development Target</td>
</tr>
<tr>
<td>Level 1</td>
<td></td>
</tr>
<tr>
<td>* Organisational objective</td>
<td>* Specific contribution in terms of Quantity, Quality &amp; timeliness</td>
</tr>
<tr>
<td>Level 2</td>
<td></td>
</tr>
<tr>
<td>* Outputs to be achieved</td>
<td>* Tangible Results in terms of service provided by the organisation</td>
</tr>
<tr>
<td>Level 3</td>
<td></td>
</tr>
<tr>
<td>* Activities</td>
<td>* Specific tasks performed by the departments and sections</td>
</tr>
<tr>
<td>Level 4</td>
<td></td>
</tr>
<tr>
<td>* Inputs</td>
<td>* Expenditure Personal and other</td>
</tr>
<tr>
<td>Key Inputs</td>
<td></td>
</tr>
<tr>
<td>Level 5</td>
<td></td>
</tr>
</tbody>
</table>
help of a case taken from telecommunication sector with a view to present an explicit explanation.

As is evident from the details given in the referred Annexure several productivity measurement indices should be developed for measuring the productivity of the service sector in reference to various levels. To fulfill the criteria for selection of aggregating formulae for productivity, the individual productivity parameters for each level must contribute to its next higher level and finally to the organisational objectives. If the parameter does not make significant contribution to next level then it may not merit consideration or at best may be given lower weightage in the productivity equation. In this manner it may be possible to bring in qualitative and customer oriented factors in productivity measurement.

**HOW AND WHY OF PLRS.**

**5.7** The primary reason identified for the lack of linkage of output with developmental objectives is the difficulty in identification of influencing variables, its quantification and assigning the appropriate weightages. An approach-algorithm has been developed based on the above model to identify developmental variables, to quantify and to link them to the aggregate productivity of the organisation. This would bring in focus the developmental objectives improve service sector productivity in an
5.8 While the 'How' of PLRS has been pictorially depicted in Exhibit 5.3, the Exhibit 5.4 shows the 'Why' aspect of it.

5.9 The principal factors that decide productivity of an organisation may be classified into Environmental and internal factors—mainly market, technology and the job performance of its employers, managers and workers. The productivity achievement, thus in a obtaining market environment is a function of the ability and the motivation of its employees.

5.10 Linking, at least a part of, productivity improvement results with the commensurate financial reward to the employees has shown a encouraging impact on further enhancement of productivity in the organisations chosen for study.

5.11 The study of service sector has revealed certain unique features with respect of productivity parameter identification, measurement, cycle time of effort-result interface, mental attitude of managements towards concept of productivity and contribution analysis of employees. The 'Why' of PLRS as Summarised in Exhibit 5.4 indicates the necessity and also the route of making a PLRS for the service sector.
EXHIBIT 5.3
THE HOW OP PRODUCTIVITY LINKED REWARD SCHEME.

APPROACH

- Analyse Corporate and objective of service organisation
- Define the departmental goals and key results areas
- Identify measurable parameters of input
- Development of Productivity structure
- Identify measurable parameters of output
- Testing Departmental Productivity factors
  - 1) Contribution to corporate goals
  - 2) Employee efforts
- Selection of relevant Prody. factors
- Evolve base level performance
- Evolve weighting of each factor
- Dev. total Prody. Index performance payment relation
- Simulation and sensitive analysis
- Presentation to the employee feedback
- Final recommendation
EXHIBIT 5.4
THE WAY OF
PRODUCTIVITY LINKED REWARD SCHEMES
PROMOTE PRODUCTIVITY CULTURE IN ORGANISATION
FOR EFFECTIVE PERFORMANCE

PRODUCTIVITY MEASUREMENT & MONITORING ——— P L R S ——— MOTIVATION THROUGH REWARDS

IMPROVED PRODUCTIVITY PLANNING & ORGANISING EFFICIENCY
IMPROVED PRODUCTIVITY OPERATIONAL EFFICIENCY
IMPROVED PRODUCTIVITY CONTROL EFFICIENCY

IMPROVED HUMAN EFFICIENCY
STRONG COMMITMENT TO WORK

PRODUCTIVITY BASED TARGET SETTING EVALUATION OF DIVISIONS/EMPLOYEE'S
PRODUCTIVITY AUDIT OF DIVISIONS/ORGANISATION

IDENTIFY WASTE/ DELAYS
IMPROVE SYSTEMS/PROCEDURES/METHODS
EFFICIENT WORKS ORGANISATION

PROPER CHECKS & BALANCE ON QUANTIFIABLES MEASURES
BETTER DATA/INFORMATION AVAILABILITY IN ORGANISATION

BETTER QUALITY OF WORKLIFE
IMPROVED CUSTOMER & EMPLOYEE SATISFACTION
SECTION - A.
PERCEPTUAL RESPONSES - RELATED FINDINGS

5.12 The perception survey examined the various ways the productivity is viewed in service sector and highlighted the causes and consequences of low and high productivity. The survey also resulted in Identification of factors responsible for creation of further awareness of Productivity in Indian service sector and evolved a general definition of productivity in service sector. The point wise conclusion of survey is presented below:

I. The survey questionnaire begins with respondent's perception on the common understanding of PRODUCTIVITY in service sector.

- About 28% of the respondents felt productivity is generally understood as, output of service as against input of cost.

- Appx. 25% of these respondents perceived productivity in service sector as, 'Reaching higher levels of performance with lowest possible expenditure of resources'.

- Appx. 25% of the respondents perceived 'customer satisfaction' and quality of service as important determination of productivity in the service sector.
Chapter 5.

- While about 15% respondents viewed productivity as "Management of Resources for Goal Accomplishment".

II. Perception of "Productivity Levels" as existing in service sector provides a true reflection of productivity levels in the individual units to which respondent belongs.

- 43% of the respondents perceive the productivity level as fair, both in sector as well as at unit level.
- About 22% of the respondents felt productivity is quite low in Indian Service Sector.

- 24% respondents, particularly from banks, telecommunication felt that productivity at sector level is just average.

"Productivity Planning and Monitoring", mechanism and its formal set up plays an important role in shaping up the productivity culture in organisations.

To this point --

- More than 51% of the respondents categorically stated that the task of productivity planning is not formalised or institutionalized. It is left to the individual executives to manage productivity in their own departments or section.
- However, 19% of the respondents identified a full fledged department performing productivity planning task, and another 16% of the respondents said that the
task is performed by separate cell in the organisation.

III. It is vital to know the factors contributing to 'Productivity Improvement' efforts for a successful productivity orientation programme to be implemented in any service sector. Nine vital components have been ranked in a nine point scale to provide an opportunity to indicate the respondents precise response.

- Awareness about productivity is rated as the most vital dimension in productivity improvement.

- Definition of job elements (job-design and job specifications) top management involvement are also favoured by substantial percentage of respondents.

- Customer involvement, target setting and productivity analysis surprisingly fall among the less favoured dimensions.

- No surprise that productivity measurement and financial accounting are among the lowest ranking dimensions.

5.13 To obtain an overall priority for all dimensions, the percentage of respondents have been clubbed into 3 categories, as shown in Exhibit 5.5

IV. Within the 'awareness' dimension figuring as the most
vital component in the efforts for productivity improvement, the respondents clearly perceived the various ways to achieve the same.

- About 33% of the respondents emphasised that management responsibility in Education & Training, is the most important factor for building awareness.

- 26% of the respondents felt that awareness could be achieved, if expectations from employees are clearly spelled and defined.
### EXHIBIT 5.5: FACTORS FOR PRODUCTIVITY IMPROVEMENT

<table>
<thead>
<tr>
<th>DIMENSION/IMPORTANCE</th>
<th>VERY IMPORTANT (R.1,2,3)</th>
<th>FAIRLY IMPT. (R.4,5,6)</th>
<th>LEAST IMPT. (R.7,8,9)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Awareness</td>
<td>54.3</td>
<td>12.3</td>
<td>21</td>
</tr>
<tr>
<td>Analysis</td>
<td>31.6</td>
<td>33.3</td>
<td>22.8</td>
</tr>
<tr>
<td>Measurement/Estimate</td>
<td>12.2</td>
<td>47.3</td>
<td>54.3</td>
</tr>
<tr>
<td>Top Management Direction</td>
<td>38.6</td>
<td>29.7</td>
<td>35.1</td>
</tr>
<tr>
<td>Customer Involvement</td>
<td>29.8</td>
<td>29.8</td>
<td>29.8</td>
</tr>
<tr>
<td>Target Setting</td>
<td>29.8</td>
<td>35.1</td>
<td>47.3</td>
</tr>
<tr>
<td>Financial Accounting</td>
<td>12.3</td>
<td>28.1</td>
<td>47.3</td>
</tr>
<tr>
<td>Operational Efficiency</td>
<td>33.4</td>
<td>26.3</td>
<td>28.1</td>
</tr>
<tr>
<td>Defining Job related outputs</td>
<td>43.9</td>
<td>19.4</td>
<td>22.8</td>
</tr>
</tbody>
</table>
Another 16% were of the view that, long term management commitment to productivity and 14% respondents felt that participative approach to performance benchmarking can go along way to generate productivity awareness.

The responses are summarised in Exhibit 5.6

V. Measurement of Productivity in Service Sector could provide a solid foundation for planning and monitoring the same.

- Almost 85% of the respondents felt that it was a possibility in service sector and suitable ways could be evolved for the same.
- It is important to note that 61% of the respondents viewed measurement of productivity as a management control system that could be definitely implemented with the same diligence as a financial control system.
- Another 23% felt that it could most likely (and possibly) be implemented to significantly improve the total performance of organisations.
- 5% of the respondents said that productivity in service sector can not be measured.

VI. Out of 10 strategies for formulating a programme to "measure and improve productivity" the respondents prioritised the strategies as follows:-

- 25% identified providing need based training as the most important strategy.
- 21% of the participants felt identification of client/user value of productivity measures as the most important strategy.
- To obtain an overall priority for all strategies listed, the percentage of responses have been clubbed into 4 broad categories as presented in Exhibit : 5.7.
### Exhibit 5.6: Factors Leading to Productivity Awareness

<table>
<thead>
<tr>
<th>Awareness Dimension</th>
<th>% of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management responsibility in Edu. &amp; Training</td>
<td>33</td>
</tr>
<tr>
<td>Expectation from employees to be defined</td>
<td>26</td>
</tr>
<tr>
<td>Long term management commitment to productivity</td>
<td>16</td>
</tr>
<tr>
<td>Approach to performance benchmarking</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>26</td>
</tr>
</tbody>
</table>

NOTE: The total percentage is more than 100 as many respondents gave more than one response.
### EXHIBIT 5.7: STRATEGIES FOR PRODUCTIVITY IMPROVEMENT

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Very Imp.</th>
<th>Important</th>
<th>Fairly Imp.</th>
<th>Acceptable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Involves employee in productivity efforts</td>
<td>8.8</td>
<td>24.5</td>
<td>36.8</td>
<td>21.1</td>
</tr>
<tr>
<td>2. Defined outputs to be produced</td>
<td>45.6</td>
<td>22.8</td>
<td>12.3</td>
<td>7.1</td>
</tr>
<tr>
<td>3. Identify client/user value of measures</td>
<td>52.6</td>
<td>19.3</td>
<td>12.3</td>
<td>7.1</td>
</tr>
<tr>
<td>4. Define inputs &amp; its measures</td>
<td>28.1</td>
<td>40.3</td>
<td>19.3</td>
<td>10.6</td>
</tr>
<tr>
<td>5. Develop productivity ratios &amp; feedback system</td>
<td>18.9</td>
<td>29.8</td>
<td>31.5</td>
<td>10.6</td>
</tr>
<tr>
<td>6. Employ office technology in appropriate manner</td>
<td>17.6</td>
<td>7.1</td>
<td>26.4</td>
<td>42.1</td>
</tr>
<tr>
<td>7. Provide achievement oriented leadership</td>
<td>10.6</td>
<td>8.8</td>
<td>31.1</td>
<td>40.3</td>
</tr>
<tr>
<td>8. Provide job security</td>
<td>7.1</td>
<td>12.3</td>
<td>28</td>
<td>43.9</td>
</tr>
<tr>
<td>9. Provide PLRS in as small group as possible</td>
<td>10.6</td>
<td>12.3</td>
<td>33.3</td>
<td>47.4</td>
</tr>
<tr>
<td>10. Introduce prod. based perf. app. career growth</td>
<td>8.8</td>
<td>8.8</td>
<td>36.9</td>
<td>35.1</td>
</tr>
<tr>
<td>11. Provide need based training</td>
<td>61.4</td>
<td>14</td>
<td>10.6</td>
<td>10.6</td>
</tr>
</tbody>
</table>
VII. As regards to the positive and negative aspects of various perceived 'organizational situation' and their impact on 'Organisational Productivity' the respondents show a remarkable understanding, uniformity and constancy. This clearly lays the designed pathways to higher productivity in service sector as a whole. For the ease of understanding 19 important 'Organisational situations', have been subdivided in five broad headways. The percentage response showing the perception of respondents as factor having impact on 'Productivity' is also shown in Exhibit 5.8.

VIII. Formally or informally every organisation has some measurement system of productivity and operational efficiency. The significant measure being used in service sector units as mentioned by the respondents are given below. It can be seen that probably most of the organisations to which respondents belong are using more than one of the listed system. Exhibit 5.8 A.

It is most intriguing to note that 'quality of output', 'developmental objectives' of organisation or 'return on investment' have not been perceived as important measures of productivity of the service organisations, signifying them as low priority items for these organisation. This clearly speaks about the level of awareness on "productivity" and present state of service sector in India.
## EXHIBIT 5.8: PRODUCTIVITY PARAMETERS

<table>
<thead>
<tr>
<th>PARAMETER</th>
<th>RESPONSE %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL</strong></td>
<td>93.0</td>
</tr>
<tr>
<td>Economic well being</td>
<td></td>
</tr>
<tr>
<td><strong>JOB DIMENSION</strong></td>
<td>78.6</td>
</tr>
<tr>
<td>Employee involvement in job*</td>
<td></td>
</tr>
<tr>
<td>- job enjoyment</td>
<td></td>
</tr>
<tr>
<td>- skill development &amp; utilization opportunites</td>
<td></td>
</tr>
<tr>
<td>- attitude towards change</td>
<td></td>
</tr>
<tr>
<td>- job targets</td>
<td></td>
</tr>
<tr>
<td>- respect for individuals</td>
<td></td>
</tr>
<tr>
<td><strong>REWARD MECHANISMS</strong></td>
<td>81.6</td>
</tr>
<tr>
<td>- Recognition of performance</td>
<td></td>
</tr>
<tr>
<td>- Incentive to output</td>
<td></td>
</tr>
<tr>
<td><strong>PROCESS DIMENSIONS</strong></td>
<td>77.2</td>
</tr>
<tr>
<td>- Good employee-management relations</td>
<td></td>
</tr>
<tr>
<td>- Team work</td>
<td></td>
</tr>
<tr>
<td>- Inter/Intra group relations</td>
<td></td>
</tr>
<tr>
<td>- Confidence in management</td>
<td></td>
</tr>
<tr>
<td>- Information sharing</td>
<td></td>
</tr>
<tr>
<td>- Trust</td>
<td></td>
</tr>
<tr>
<td><strong>SYSTEM DIMENSION</strong></td>
<td>86.0</td>
</tr>
<tr>
<td>- Good physical env.</td>
<td></td>
</tr>
<tr>
<td>- Office mech.</td>
<td></td>
</tr>
<tr>
<td>- Flexible system of work</td>
<td></td>
</tr>
</tbody>
</table>
**EXHIBIT : 5.8.A : PRODUCITIVITY MEASUREMENT SYSTEM.**

<table>
<thead>
<tr>
<th>RANK</th>
<th>DIMENSION</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Performance appraisal</td>
<td>93.0</td>
</tr>
<tr>
<td>2.</td>
<td>Target completed</td>
<td>89.5</td>
</tr>
<tr>
<td>3.</td>
<td>Quantity of output as against std.output</td>
<td>82.5</td>
</tr>
<tr>
<td>4.</td>
<td>No. of customer served</td>
<td>80.7</td>
</tr>
<tr>
<td>5.</td>
<td>Sales revenue per employee</td>
<td>78.9</td>
</tr>
<tr>
<td>6.</td>
<td>Profit or value added per employee</td>
<td>72.0</td>
</tr>
<tr>
<td>7.</td>
<td>Expenditure per unit output or per unit work</td>
<td>72.0</td>
</tr>
</tbody>
</table>
EMPLOYEES PROVIDENT FUND ORGANISATION

5.14 The Employees' Provident Fund Organisation is a large Social Security Organisation having a clientele of over 17 million is serviced by 15,829 employees. Its jurisdiction spreads all over the country except over the State of Jammu and Kashmir, the Assam Tea Plantation area. Coal Mines workers and Seamen. It is annually growing at a rate of around 1 million members for the last three years, and in terms revenue it is growing at about Rs.600 crores per year. With the growth in its membership, the demand for services has also increased by leaps and bounds. The number of claims received was 7.02 lakhs in 1980, 16.52 lakhs in 1985 and during 1991-92 they increased to 26.62 lakhs.

5.15 The organisation was set up in November, 1952. It had then about 1.2 million subscribers in 1,400 establishments. Over the last forty year, the number of subscribers has crossed the 17 million mark and the number of covered establishments in now over 2.19 lakhs. At the beginning, it used to manage only one Scheme, namely, the Employees' Provident Fund Scheme", 1952 but presently it administers three schemes, the other two being, Employees' Family Pension Scheme, 1971 and Employees' Deposit Linked Insurance Scheme, 1976. For delivery of benefits to the subscribers it has an extensive network of offices 16 Regional Offices, 47
sub-Regional Offices, 168 Inspectorates and 10 Service Centres.

5.16 These facts offer a bird's eye-view of the size of the organisation and the enormity of its operations. Effectiveness and credibility are the essential qualities of such an organisation. Being a service organisation, it should be sensitive, flexible and responsive to the subscribers’ need.

FUNCTIONAL RESPONSIBILITIES.

5.17 The functional responsibilities of the organisation have been identified as follows:-

MAIN LINE FUNCTIONS

a) Service members of the Fund.
b) Enforcement of the provisions of the statute against defaulting employers with the twin objectives of enforcing compliance and extending the membership base.
c) Supervision and management of inflow, investment and out-flow of money of the Fund at the macro level and member-wise maintenance of accounts at the micro level.

ANCILLIARY FUNCTIONS.

a) Human Resource Management (HRM)
b) Book Keeping.
c) Management of large volumes of forms and stationery.
d) Organising housing and office accommodation.
e) Management and control of statistical data.

f) Training and research.

THE PLRS AND IT'S QUALITATIVE IMPACT.

5.18 The details of Design and evaluation of PLRS for EPFO, which is a multifactor scheme are given in Annexure-VIII. The analysis of published records has established that productivity as adjudged via important performance parameters have improved over a period of years as shown in the Exhibit 5.9.

PERFORMANCE INDICATORS.

5.19 Performance indicators in some of the areas for last five years included in the study are given below which clearly indicates the extent of physical productivity improvement in the organisation.

1. ISSUE OF ANNUAL STATEMENT OF ACCOUNT SLIPS TO SUBSCRIBERS:

5.20 Before account slips can be issued to members, the accounts of each member have to be updated so that the employers and the employees share of the monthly contribution, the withdrawals if any etc. are accounted for and the interest for the year credited. Work relating to issue of accounts slips were in arrears extending up to 15-20 years. For details please see Exhibit 5.10.
EXHIBIT 5.9 : EPFO PERFORMANCE AT A GLANCE.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SUBSCRIBERS</th>
<th>PENDING</th>
<th>P.F. SERVICE</th>
<th>7A CASES</th>
<th>CLAIMS</th>
<th>ACCOUNTS SLIPS</th>
<th>STAFF STREN.</th>
<th>SETTLED</th>
<th>ISSUED</th>
<th>PENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>179.90</td>
<td>7608</td>
<td>9.87</td>
<td>168.70</td>
<td>97.10</td>
<td>16863</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992-93</td>
<td>173.11</td>
<td>8281</td>
<td>9.32</td>
<td>174.89</td>
<td>87.76</td>
<td>16899</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991-92</td>
<td>166.15</td>
<td>N.A.</td>
<td>8.42</td>
<td>182.40</td>
<td>91.13</td>
<td>15829</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990-91</td>
<td>157.7</td>
<td>N.A.</td>
<td>6.98</td>
<td>162.45</td>
<td>117.30</td>
<td>15137</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989-90</td>
<td>146.64</td>
<td>N.A.</td>
<td>5.79</td>
<td>143.02</td>
<td>136.63</td>
<td>14530</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EXHIBIT 5.10 - SERVICE TO SUBSCRIBER

ISSUE OF ANNUAL STATEMENT OF ACCOUNTS

SOURCE: EPFO ANNUAL REPORTS

□ SLIPS ISSUED + SLIPS PENDING
5.21 With the help of productivity linked reward scheme and consequent computerisation, during the last two years, the organisation has issued an all time record of 344.85 lakhs accounts slips to its members. This has wiped out the arrears. During the current financial year the organisation hopes to bring the work relating to issue of accounts slips entirely on current basis. The backlog was disposed of as indicated in Exhibit 5.11

SUBSCRIBERS SERVICE : SETELEMENT OF CLAIMS.

5.22 Given below are three specific areas of settlement of claims to subscribers. It may be seen from the Exhibit that while the work load has been consistently increasing especially after 1989-90, the performance level, more particularly establishments, has also been increasing steadily. Please see Exhibit 5.12 & 5.13.

COVERAGE OF ESTABLISHMENT AND SUBSCRIBERS :

5.23 The graph at next page indicates the coverage of new establishments and enrollment of fresh subscribers during the last five years. A close look at the two years 1990-91 and 1991-92 which were preaction plan years is illustrative. During 1991-92, while the establishments covered had gone up, the number of enrolled subscribers came down to 3.66 lacks. In the subsequent year, while the number of establishments covered decreased by 12.025, the fresh subscribers enrolled went up to 10.43 lakhs. Please see Exhibit 5.14 and 5.14A.
### EXHIBIT 5.11: PENDANCY OF ACCOUNT SLIPS.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ACCOUNTS SLIPS ISSUED (in lac Nos.)</th>
<th>ACCOUNTS SLIPS PENDING (in lac Nos.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>123.97</td>
<td>147.21</td>
</tr>
<tr>
<td>1989-90</td>
<td>143.02</td>
<td>136.63</td>
</tr>
<tr>
<td>1990-91</td>
<td>162.45</td>
<td>117.33</td>
</tr>
<tr>
<td>1991-92</td>
<td>182.40</td>
<td>91.13</td>
</tr>
<tr>
<td>1992-93</td>
<td>190.36</td>
<td>70.25</td>
</tr>
<tr>
<td>1993-94</td>
<td>196.12</td>
<td>65.18</td>
</tr>
</tbody>
</table>

SOURCE:- EPFO Annual Reports.
EXB.5.13: PARTIAL WITHDRAWAL APPLICATION

WORKLOAD 4.10 LACS-100(89-90)

SOURCE-EPFO.ANNUAL REPORT

WORKLOAD + SETTLED ○ RET./REJECT △ PENDING
EXHB. 5.14—COVERAGE OF SUBSCRIBERS

SOURCE: EPFO—ANNUAL REPORTS

□ SUBSCRIBERS

Y-Axis: Million
X-Axis: Years: 89-90 to 93-94
EXHB.5.14A—COVERAGE OF ESTABLISHMENTS

SOURCE: EPFO, ANNUAL REPORTS
□ ESTABLISHMENT
SUBSCRIBER SATISFACTION

5.24 The biggest success of the PLRS and management action plan with its thrust on subscriber satisfaction has been the drop in the number of grievances received from the subscribers. The declining trend in the number of grievances received during the past two years is a measure to upgrade quality of service and an unimpeachable index of the rising level of subscriber satisfaction. For details please see Exhibit 5.15

A survey of 460 respondents belonging to eight regional offices of EPFO, spread across the country has further been undertaken with the help of a specific instrument designed based on the professional experience and theoretical assumptions made in the study. The key variables imbibed in various questions to respondents were related to-

a) Impact of PLRS on Individual behaviour related factors.

b) Impact of PLRS on organisational related factors.

c) Impact of PLRS on System related factors.

The instrument had the responses in the form of 'Agree' and 'Do not agree'. The questionnaire was given to employees in different offices personally and response collected within hours so that the respondents do not reflect group opinions but give only their individual responses. A detailed analysis of various factors is given in succeeding paragraphs. The quantitative figures indicating the total
number of response to each set of quarter are given Annexure IX from Table 9.1 to Table 9.7.

EMPLOYEE RELATED PARAMETERS AFFECTED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

5.25 From the Exhibit 5.16, it can be seen that the increase in commitment of employees is directly reflected in the willingness to do allotted work and a tendency to accept more work, which resulted into reduction pending work. The counter check shows clearly that employees do not grumble while doing more work due to productivity linked reward scheme. Thus it is evident that PLRS has had a very significant and positive impact on work culture of people and their work outputs.

INDIVIDUAL RELATED PARAMETERS EFFECTED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

5.26 From the Exhibit 5.17, it can be seen that willingness to do more work and willingness to do work given by superiors follow the same perception, while tendency to set lower targets for self and the people do not like to work upto normal working hours are not agreed by respondents at same level.

5.27 An open question that organisational image has gone up in customer perception finds a clear agreement in respondents. Thus confirming that PLRS has resulted in better organisational image and improved work motivation in individuals.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NO OF GREIVANCES</td>
<td>6966</td>
<td>4352</td>
<td>3440</td>
<td>2594</td>
</tr>
<tr>
<td>PENDING AT THE BEGINNING OF THE YEAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GREIVANCES RECEIVED</td>
<td>159530</td>
<td>114392</td>
<td>76831</td>
<td>39296</td>
</tr>
<tr>
<td>DURING THE YEAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>166496</td>
<td>118744</td>
<td>80271</td>
<td>41890</td>
</tr>
<tr>
<td>GREIVANCES DISPOSED</td>
<td>162144</td>
<td>115304</td>
<td>77677</td>
<td>36110</td>
</tr>
<tr>
<td>OFF DURING THE YEAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BALANCE AT THE END</td>
<td>4352</td>
<td>3440</td>
<td>2594</td>
<td>5780</td>
</tr>
<tr>
<td>OF THE YEAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SOURCE:- EPFO — Annual Reports.
INTER-GROUP PARAMETERS INFLUNCED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

5.28 From the Exhibit 5.18, it is evident that responding people have become more cooperative with each other in same work group and also listen to others in different departments. While respondents deny that the communication gap is a frequent problem in organisation or that employees too do not seek each others help even when required. Thus it is concluded that group working culture has become stronger in the organisation.

ORGANISATIONAL PARAMETERS INFLUNCED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

5.29 From the Exhibit 5.19, it could be seen that there is almost unanimous perception amongst the respondents that as a result of productivity linked reward scheme the organisation has become customer satisfaction oriented and the overall productivity of the organisation has improved which of course is substantiated by the performance reports. As a natural sequel respondents deny that faster work lead to more errors or lower effectiveness.

5.30 Interestingly the respondents are almost equally divided on the issue that as a result of PLRS employees are handling work with affection, indicating that though PLRS has very strong influence on group and organisational
behaviour, individual traits are influenced only in a limited manner.

THE DECISION MAKING PARAMETERS INFLUENCED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

5.31 From the Exhibit 5.20, it is evident that the level of decision making has not been influenced by the impact of PLRS and similarly it is evident that decision taken in the organisation are generally resisted. It is interesting to note that respondents have no clear perception about the impact of PLRS on process of decision making and peoples knowledge about the process. Thus it can be concluded that PLRS has had no discernable impact on process of decision making in EPFO.

THE INTERPERSONAL PARAMETERS INFLUENCED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

5.32 From the Exhibit 5.21, it is evident that there is a concensus in respondents that PLRS has not effected interpersonal relations adversely and has not reduced the coperation among various sectors but on the other hand an overwhelming amjority of respondents feel that people have generally become helpfull to each other and as a result of PLRS delay in processing the cases has been reduced.
5.33 From the Exhibit 5.22, it is evident that respondents have firm conviction that systems and procedures have not remained unchanged or static due to rigidity of PLRS or in other words the systems have been changed to suit the needs of customers and employees and the systems and procedures are not ignored to complete the target work to get more rewards though some checks seem to have been introduced to avoid manipulation of data. The PLRS has had a clear positive impact on systems and procedures that have been revised to make them productivity oriented as a need of PLRS.

ANALYSIS OF RESPONSES.

5.34 On the basis of foregoing investigation it can be observed that 96% of the respondents quite agree that overall commitment level of employees in the organisation has gone up after the introduction of PLRS.

- About 78% respondents agree that employees do not do the work allotted to them willingly.

- 86% respondents feel that employees have developed a tendency to accept more work are willing to do more work than the norms.

This indicates that PLRS has resulted into the higher commitment of employees to do more work with self
involvement. The conclusion is further supported by the response of 85% persons who feel that people generally do not grumble while doing work and employees do not show tendency to set lower goal and work targets for themselves.

- The 90% respondents reaction that pendency of work has considerably reduced is a direct outcome of the improved commitment and willingness to do more work. This is probably reflected in improvement as perceived by 80% respondents.

- More than 95% respondents have rejected the question that people in the organisation do not like to sit upto normal working hours.

- More than 70% respondents do not agree that communication gap is a frequent problem in the organisation.

5.35 Similarly, the propositions that employees generally do not work effectively in cooperation with other sections have been rejected by about 98% respondents whereas more than 74% respondents have said that people have become generally cooperative and listen to each other in different sections also. This is resulted in reduction of delay in processing the cases and movement of cases from one section to another as perceived by 70% respondents.

- 95% respondents have shared the factual position that productivity of the organisation has improved as a result of PLRS.

- 87% respondents felt that PLRS have created
awareness and organisation has become customer oriented.
- 72% perceived the customer as root cause of productivity linked rewards where as only 40% feel that employees are doing more and more work.
- 26% respondents feel that special attempts are made to maintain cordial relations while taking the decision and 80% feel that the decision so taken are generally not resisted.
- Peculiarly enough, about 90% respondents have not agreed to the statement that faster work has led to more errors, or decisions are taken at wrong levels, without owning the responsibility of decisions.
- About 40% do not agree that employees do not have knowledge of decision making process. It is thus concluded that the organisation has developed open culture and employees have become receptive and team work is visible as result of introduction and operation productivity linked reward scheme in EPFO.
- 47% respondent feel that over a period of time, the work systems and methods have become simpler to work where as more checks and balances have been introduced to check the manipulation of Productivity data.
- 77% respondents feel that as an outcome of PLRS management had to revise the systems and procedures to make them customer oriented and productivity related. Undue verification has been eliminated, yet some
Chapter 5.

checks against manipulation productivity data have been incorporated in the system.

- More than 83% respondents do not agree that systems and procedures are totally ignored to complete the work faster to earn the productivity points or that organisational systems and procedures are not at all effected by the introduction of PLRS.
EXHIBIT 5.16: EMPLOYEE RELATED PARAMETERS EFFECTED IN PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

LEGEND
*
\text{- Commitment of employees}

\odot
\text{- Allotted work done willingly}

??
\text{- People grumble while doing work}

^\text{- Tendency to accept more work.}

\bullet
\text{- Reduction in Pendency of work}

\begin{center}
\begin{tikzpicture}
\begin{axis}[
    title={
      \begin{tabular}{cc}
        \textbf{Strongly Agree} & \textbf{Quite Agree} & \textbf{Agree} & \textbf{Do Not Agree} & \textbf{Strongly Disagree} \\
        66 & 364 & 462 & \text{?} 405 & \text{?} 175 \\
        48 & \text{?} & \text{?} & \text{?} & \text{?} \\
        25 & \text{?} & \text{?} & \text{?} & \text{?} \\
        25 & \text{?} & \text{?} & \text{?} & \text{?} \\
\end{tabular}
    
    ,xtick={0,1,2,3,4,5,6,7},
    xticklabels={Strongly Agree, Quite Agree, Agree, Do Not Agree, Strongly Disagree},
    ytick={-50,-100,-150,-200,-250,-300,-350,-400,-450,-500},
    yticklabels={-50,-100,-150,-200,-250,-300,-350,-400,-450,-500},
    xmin=0, xmax=7,
    ymin=-500, ymax=500,
    legend pos=north west,
    legend style={nodes={scale=0.8, transform shape}}
]
    \addplot coordinates {(0,0) (1,1) (2,2) (3,3) (4,4) (5,5) (6,6) (7,7)}; % Legend line
    \addplot coordinates {(0,0) (1,1) (2,2) (3,3) (4,4) (5,5) (6,6) (7,7)}; % Legend line
    \addplot coordinates {(0,0) (1,1) (2,2) (3,3) (4,4) (5,5) (6,6) (7,7)}; % Legend line
    \addplot coordinates {(0,0) (1,1) (2,2) (3,3) (4,4) (5,5) (6,6) (7,7)}; % Legend line
    \addplot coordinates {(0,0) (1,1) (2,2) (3,3) (4,4) (5,5) (6,6) (7,7)}; % Legend line
    \addplot coordinates {(0,0) (1,1) (2,2) (3,3) (4,4) (5,5) (6,6) (7,7)}; % Legend line
    \addplot coordinates {(0,0) (1,1) (2,2) (3,3) (4,4) (5,5) (6,6) (7,7)}; % Legend line
    \addplot coordinates {(0,0) (1,1) (2,2) (3,3) (4,4) (5,5) (6,6) (7,7)}; % Legend line
\end{axis}
\end{tikzpicture}
\end{center}
EXHIBIT 5.17: INDIVIDUAL RELATED PARAMETERS EFFECTED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

LEGEND

* - Willingness to do more work than allotted
○ - Willingly do work given by superiors
? - Organisation up in customer perception
□ - Do not like to work up to normal hours
+ - Tendency to set lower targets for self
EXHIBIT 5.18: INTER-GROUP PARAMETERS INFLUENCED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

LEGEND

* - Co-operation with each other in same work are
0 - Listen to others in different section
? - Communication gap is a frequent problem
__ - Do not seek each others help even if needed
EXHIBIT 5.19: ORGANISATIONAL PARAMETERS INFLUENCED PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

LEGEND
* - Improvement in productivity in organisation
○ - Organisation has become customer satisfaction oriented
? - Customers identified as root cause of benefits
■ - Faster work lead to errors
+ - Handling more and more work with affection
EXHIBIT 5.20: THE DECISION MAKING PARAMETERS INFLUENCED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

LEGEND

* - Special attempts to keep cordial relations in decision making
○ - Decisions are taken at wrong levels due to impact of PLRS
? - Superiors only pass on the decision
– - Decisions taken are not resisted
+ - Employees do not have knowledge of decision
EXHIBIT 5.21: THE INTERPERSONAL PARAMETERS INFLUENCED BY PRODUCTIVITY LINKED REWARD SYSTEM IN EPFO.

LEGEND
* - Intergroup relationships not good
○ - Employees do not work in cooperation
? - Employees have become generally helpful
- - Delay in processing and movement reduced
EXHIBIT 5.22 THE ORGANIZATIONAL SYSTEMS PARAMETER INFLUENCED BY PLRS IN EPFO.

LEGEND

* - Change in systems & procedures to make work
o - More checks introduced to check manipulation
? - Systems ignored to complete the work quickly
m - Relevance of meetings
+ - Management revised systems to suit customer
? - Systems have become productivity oriented
z - Systems and procedures are not affected by
EMPLOYEES STATE INSURANCE CORPORATION

5.36 The Employee State Insurance Corporation (ESIC) is the premier social security organisation in India and largest of its kind in S.E. Asia. Started in 1948 under the Employees State Insurance Act, the scheme provides protection against loss of wages due to inability to work on account of sickness, maternity, disablement and for payment of benefits in the form of pension to dependants of Insured Person (I.P.s) who die as a result of employment injury. The Scheme also provides medical care to I.P.s and their family members. The scheme is applicable to all the State in India.

ACT

5.37 The act first implemented in 1952, covered non seasonal factories employing 20 or more workers and using power. Only those persons who were drawing wages upto the maximum of Rs. 400/- per month were covered. The coverage as well as the limit have been periodically amended to cover various other sectors of employment as well as persons drawing upto Rs.1600/- per month, which is likely to revised upward to Rs.3000/- per month.

STRUCTURE

5.38 The corporation with its Head Quarter at New Delhi has a Director General as Chief Executive, assisted by four principal officer viz. Insurance Commissioner, Medical
Commissioner, Financial Advisor & Accounts Officer and Actuary. The plans and policies drawn up by the Head Quarters are translated into action through the network of Regional/Local Offices for effective administration of the scheme. The scheme at present caters to the needs of 69 lakh Insured Persons, with a revenue income to the tune Rs.450/- crores, and manpower of about 12600 employees.

OBJECTIVES

5.39 The major objectives of ESIC are to provide social security to the poorer sections of the Industrial Workers through:

i) Extending coverage to them and organising medical benefits through State Govt.;s or on its own.

ii) Providing cash benefits to IP’s to offset loss of earning.

iii) Revenue recovery in terms of contributions & damages.

iv) Ensuring compliance of Regulations & Act.

v) Effective operation of the scheme at minimum cost.

Scheme Representation

5.40 To achieve these objectives, the organisation has number of department/functional areas which coordinate the work among themselves to ensure timely and quality service to the IP’s.
QUALITY DIMENSION

5.41 While extending these services, the aspect of customer satisfaction about the quality of services rendered remains a prime area of attention of the top management of ESIC and Govt.

5.42 The issue of customer satisfaction has two important aspects namely medical benefits and cash benefits. While medical benefits are extended predominantly through State Government, the cash benefits are extended directly by the Corporation. The major cause of dissatisfaction of IP's seems to be directed towards the medical benefits but in view of the organisational constraints only the aspects related to cash payments can be incorporated in this scheme.

TIME NORMS

5.43 In cash payments which are steadily coming down, the effectiveness of the service rendered in terms of timeliness need to be incorporated in the area of claims admitted. Also time norms has been prescribed for the important functions of Revenue Recovery in the manual itself. An integrated view of these norms to reflect the effectiveness of operations has to be measured.

THE QUALITATIVE IMPACT :

5.44 The performance parameters of ESIC as per the published reports and Annual Report of 1993-94 are given in Exhibit 5.23. The analysis of survey will be meaningful only in the context of the operation results achieved by the organisation. The figures given below clearly establish the improving trend in the organisational productivity and improved availability of service to customers.
EXHIBIT 5.23- PERFORMANCE INDICATOR OF ESIC

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total no. beneficiaries.</td>
<td>268</td>
<td>237</td>
<td>288.33</td>
<td>286.92</td>
<td></td>
</tr>
<tr>
<td>2. No. of establishments</td>
<td>--</td>
<td>132878</td>
<td>141339</td>
<td>150369</td>
<td>150369</td>
</tr>
<tr>
<td>3. No. of ESCI Beds.</td>
<td>22425</td>
<td>22715</td>
<td>22969</td>
<td>23092</td>
<td>23348</td>
</tr>
<tr>
<td>4. Total contribution and other income.</td>
<td>437.85</td>
<td>442.16</td>
<td>450.84</td>
<td>582.42</td>
<td>692.47</td>
</tr>
<tr>
<td>5. % of administrative expenditure in relation to cash and medical benefits.</td>
<td>20.61</td>
<td>20.71</td>
<td>18.22</td>
<td>21.80</td>
<td>13.69</td>
</tr>
<tr>
<td>6. % of administrative expenditure in relation to ESIC contribution.</td>
<td>14.98</td>
<td>15.77</td>
<td>18.02</td>
<td>13.69</td>
<td>13.69</td>
</tr>
<tr>
<td>7. No. of employees.</td>
<td>12582</td>
<td>12635</td>
<td>12630</td>
<td>12640</td>
<td>12560</td>
</tr>
</tbody>
</table>

Source: ESIC Audited Annual Reports.
THE SURVEY

5.45 The design of Productivity Linked Reward Scheme for ESIC is given in Annexure X. The survey results are tabulated in table -I to Table VII in Annexure-XI. The survey instrument, methodology of survey and pattern of analysis has been kept same as that of EPFO survey. The results secured interpreting the responses of the survey are added hereunder.

WORK CULTURE RELATED PARAMETERS INFLUENCED BY PLRS IN ESIC.

5.46 The Exhibit 5.24 indicates that by and large the respondents perceive that PLRS has resulted in increased commitment of employees resulting into their willingness to do the work, without any grumbling. The impact is felt by about 60% to 75% respondents indicating that there is a significant and positive impact of PLRS but not felt by full population. The difference of quantum of response in EPFO & ESIC can be probably partly explained by the difference in the improvement of productivity in the two organisation. The relative productivity improvement in ESIC is lesser than EPFO, and the same is duly reflected in the above response.

INDIVIDUAL RELATED PARAMETERS INFLUENCED BY PLRS IN ESIC.

5.47 Exhibit 5.25 indicated that the respondents almost equally agree and disagree on the statement that PLRS has resulted in general willingness of employees to do more work.
and to do the work alloted to them. Thus the impact is not very significant though felt by more than 50% of respondents. But there is a clear indication that PLRS has not resulted in employees setting lower targets for themselves and the people have not developed a tendency of not working upto normal working hours. Whereas the impact of PLRS is clearly felt on the organisational image on customer. The relative distribution of perception of impact can be explained by the lesser impact of productivity improvement in ESIC as compared to EPFO.

INTERGROUP PARAMETERS INFLUENCED BY PLRS IN ESIC

5.48 The Exhibit 5.26 indicates that PLRS has generally resulted in cooperative attitude of employees in the same work area and there has been some positive improvement in intergroup communication gap related problems or non-cooperation in intergroup activities is not clearly defined.

INTERGROUP COOPERATION RELATED PARAMETER INFLUENCED BY PLRS IN ESIC

5.49 The Exhibit 5.27 above provides a clear expression that PLRS has resulted into reduction of delay in processing the cases and their movement from one section to another section, which is explained in earlier Exhibit in improvement of organisational image in customer perception. It also clearly standout the introduction of productivity measurement and its linkage with a reward system has not resulted in intergroup rivalry. Thus it is established that
impact of PLRS on group interaction is quite significant and positive.

**ORGANISATIONAL PARAMETER INFLUENCED BY PLRS IN ESIC**

5.50 The Exhibit 5.28 highlights that introduction of PLRS has certainly improved the productivity of the organisation and the organisation has become more customer oriented than what it was. But curiously enough, the employees have not started handling more and more workload with affection and neither are the customers perceived the root cause of productivity linked benefits to employees. Thus indicating that PLRS is not the only solution to organisational productivity. It cannot substitute other HRD interventions.

**THE DECISION MAKING PARAMETERS INFLUENCED BY PLRS IN ESIC**

5.51 The Exhibit 5.29 indicates a subsequent impact of PLRS on decision making parameters in ESIC. There has been no appreciable response to the impact of PLRS on level of decision making while majority of respondents are indicating that the superiors only communicate decision taken by higher ups but the higher ups while taking the decisions make attempts to make cordial relations at all levels, though the respondents are not really aware of decision making process. The paradoxical situation highlights that probably PLRS does not have a strong impact positive or negative on the
organisational decision making process in the service organisations like ESIC.

THE ORGANISATIONAL SYSTEM PARAMETERS INFLUENCED BY PLRS IN ESIC

5.52 The Exhibit 5.30 established that organisational systems are not totally ignored to achieve the targets of PLRS. Thus PLRS does not have any significant negative impact on systems and procedures in the organisation. On the contrary the systems have become more productivity oriented and management has also revised the system and procedures to facilitate the productivity. Thus there has been a positive impact of PLRS on systems and procedures though the same is not very strongly felt in terms of change in work systems.

ANALYSIS OF RESPONSES

5.53 The qualitative and reward base analysis presented above leads us to conclude as thus:

- It is observed that 77% of respondents perceive that the level of employees commitment has improved after the introduction of PLRS in the organisation. 67% respondents feel that as a sequel the employees do the work allotted to them more willingly without any grumbling. Due to willingness to do more work, 70%
respondents feel that pendency of work has been considerably reduced resulting in improvement of organisational image in the perception of customers.

- 88% respondents deny the perception that employees have developed a tendency to set lower targets due to influence of PLRS measurements.

About 70% respondents perceive that work atmosphere has generally become congenial after introduction of PLRS as people in one section listen and seek help from other sections and within the same work area also the employees cooperate with each other. Though there has been no impact of PLRS on communication gap related problem in the organisation.

- About 70% respondents are therefore feeling that delay in processing the cases and their movement from the section to another has been reduced, which explains the equivalent reduction in pending cases as perceived by respondents and also by operational results as seen in tables earlier.

- Only 56% respondents feel that PLRS introduction has resulted in improvement in productivity of the organisation. A marginal improvement is visible in operational parameters in the table above. This when compared to response and productivity in EPFO establish the efficacy of the survey responses as in both the cases perception matches with the factual situations.
More than 60% respondents perceive that organisation has become customer satisfaction oriented, though PLRS has not resulted in employees handling more and more work with affection.

Thus the impact of PLRS has been felt significantly and positively on the productivity and customer satisfaction oriented yet it has not been able to influence organisational work culture related parameters to equal extent.

- More than 60% respondents perceive that systems and procedures have become productivity oriented in place of undue verification oriented and due to introduction of PLRS, the management has taken step to revise the systems and procedures to become customer and employees oriented.

- About 80% respondents deny that PLRS has resulted into negligence and disregard to systems, as some checks and balances have been introduced to avoid productivity data manipulation. And a general perception exists that work systems have changed to make work smoothly.

5.54 Thus, the survey result have independently verified the theoretical model as proposed for the study and as proved in EPFO survey.

*****

***

*
EXHIBIT 5.24: WORK CULTURE RELATED PARAMETERS INFLUENCED BY PLRS IN ESIC.

LEGEND
* - Commitment of employees
O - Allotted work done willingly
? - People grumble while doing work
* - Tendency to accept more work
* - Reduction in Pendency of work
EXHIBIT 5.25: INDIVIDUAL RELATED PARAMETERS INFLUENCED BY PLRS IN ESIC.

* - Willingness to do more work than allotted
o - Willingly do work given by superiors
? - Organisation up in customer perception
■ - Do not like to work up to normal hours
+ - Tendency to set lower targets for self
EXHIBIT 5.26: INTERGROUP PARAMETERS INFLUENCED BY PLRS IN ESIC.

LEGEND
* - Co-operation with each other in same work area
o - Listen to others in different section
? - Communication gap is a frequent problem
m - Do not seek each other's help even if needed
EXHIBIT 5.27: INTERGROUP COOPERATION RELATED PARAMETERS INFLUENCED BY PLRS IN ESIC.

LEGEND

* - Intergroup relationships not good
o - Employees do not work in co-operation
? - Employees have become generally helpful
- Delay in processing and movement reduced
EXHIBIT 5.28: ORGANISATIONAL PARAMETERS INFLUENCED E PLRS IN ESIC.

LEGEND

* - Improvement in productivity in organisation
○ - Organisation has become customer satisfaction
? - Customers identified as root cause of benefit
♂ - Faster work lead to errors
+ - Handling more and more work with affection
EXHIBIT 5.29: THE DECISION MAKING PARAMETERS INFLUENCED BY PLRS IN ESIC.

LEGEND
* - Special attempts to keep cordial relations in decision making.
- Decisions are taken at wrong levels due to impact of PLRS
? - Superiors only pass on the decision
- Decisions taken are not resisted
+ - Employees do not have knowledge of decision
EXHIBIT 5.30: THE ORGANISATIONAL SYSTEM PARAMETERS INFLUENCED BY PLRS IN ESIC.

LEGEND

* - Change in systems & procedures to make work easier
 o - More checks introduced to check manipulation
 ▲ - Systems ignored to complete the work quickly
 ▼ - Relevance of meetings
 + - Management revised systems to suit customer needs
 ? - Systems have become productivity oriented
 z - Systems and procedures are not affected by PL