CHAPTER-VI
This part of the dissertation presents the findings and conclusion of the study based on information collected and its analysis thereof (presented in Chapter-IV & V). The highlights of the findings have been presented in the same sequence in which the analysis has been done. The researcher considered four important areas for the study. These were production, marketing, finance and personnel. As such, information and decisions revolving around these were analysed and its interpretations made.

6.1 FINDINGS IN PRODUCTION INFORMATION REQUIREMENTS:

The production function of a business is concerned with the creation of a product or service required to satisfy customer needs, wants and desires. In any business that supplies a needed product or service, it becomes essential that the production system must be closely related to the customer demand as reflected in the continuous flow of orders. Production activities are
considered to be most effective when it serves as a dual purpose of satisfying customers on one hand and productivity through production planning on the other.

A production system is a complex unity formed of many and often diverse parts which are interconnected and also interrelated. As such production information system should concern itself with a number of interrelated areas like production planning, scheduling, inventory control and production control to name a few.

PR-1:

For control of production, scheduling is a must and for this purpose all organisations surveyed made use of process sheets/charts. Further, most organisations also made use of time estimates. Sales forecasts influenced the time estimates as many a time more or lesser number of products had to be manufactured to meet the increasing or falling demand, respectively. Process/flow charts of some of the organisations surveyed has been attached in the Annexure.
PR-2:

Just in time was not applicable in most of the organisations surveyed because of the differences in the socio-cultural and political milieu which did not ensure and promote discipline. Further, most of the organisations made use of the concept of MRP-I and MRP-II for determining the requirements of input materials at different points of time.

PR-3:

As regards dealing of inventory, all organisations consider the items to stock to be an important indicator of inventory. Further, most organisations classified inventory as 'normal' and 'buffer' inventory. A variability was noted between the method used for determining quantity of order to be placed - which oscillated between the two systems of inventory control - the 'P' system and the 'Q' system. Further, most organisations considered weeding out of obsolete items as important for inventory control and they used various combinations of FSN, SDEG and VED analysis (Selective Inventory Control Measures) to determine surplus items.
which are obsolete. Some organisations also use ABC analysis.

As regards raw material availability all organisations purchased inventory in bulk quantity and majority of these is made through its head office. Further, as a result of stiff competition, most organisations were influenced by production rate changes which in turn had an influence on the purchase of raw materials. As such these organisations maintained buffer stock to tide over arising emergencies.

There were two ways in which organisations met its need for work-in-progress - some purchased it while others manufactured it themselves. Moreover, the wastes or scrap of semi-processed are a loss to the organisations.

In all organisations, control of finished goods inventory is placed on the marketing department. Further, stable production policy also contributed to increasing the finished goods inventory. Regarding treatment of finished goods inventory it was noted that organisations provided off-shelf delivery while many
others did not. At the same time, some organisations promoted these inventory while many others did not do so.

**PR-4:**

The care of equipments and its parts when in running or idle condition is considered an important feature of preventive maintenance by all organisations surveyed. Periodic inspection and scheduled replacement of parts was yet another important feature of preventive maintenance. Moreover, 'major overhaul' was conducted once in four years and 'minor overhaul' was conducted once in a year by majority of the organisations.

Most organisation also conducted condition monitoring while a few did not because of the involvement of high cost. Further, replacement cost is considered a major component of total breakdown cost by all the organisations. Many organisations also considered downtime cost to be a major component of breakdown cost. However, many organisations maintain substitute machinery to tide over such times.
PR-5:

Most of the organisations check the quality of incoming raw material, while some do not. However, all organisations carry on check of the product when in process as well as when it is a finished good. In majority of the organisations, check is undertaken by the manufacturing company as well as the customer of the product. However, in some, inspection is carried on only by the manufacturer.

Quality cost includes the cost of inspection, testing, as well as the cost of implementation of quality and monitoring and controlling it. Most organisations consider these costs to be of prime importance and are a major component of the cost of the product. However, a few organisations do not attach much importance to these. Further, most organisations endeavoured to reduce the cost of failure to the minimum. In this regard, only a few organisations have implemented the zero defect programme. However, all organisations have created quality circles which in most of the cases make an active and important contribution for maintenance of quality.
PR-6:

Most of the organisations treat waste of material to be the most important component of waste. Moreover, recovery by reprocessing generally proved to be uneconomical. In most organisations, strict control needed to be administered to check misuse or idle use of machines. Further, wasteful use of manpower was a common feature and most organisations attempted to reduce the existing strength of manpower.

PR-7:

All organisations maintain a large stock of breakdown spares. Most organisations also keep stock of insurance spares and capital spares. However, some of the organisations do not keep these spares because of the high cost involved. Very few organisations maintain rotatable spares. Most organisations used VED, or a combination of VED and ABC analysis to keep appropriate service levels and therefore stocks of inventory of spares.
6.2 FINDINGS IN MARKETING INFORMATION REQUIREMENTS:

Marketing is a comprehensive term. It is defined as a process of exchange between seller and buyer. It is defined as a human activity directed at satisfying needs and wants through exchange processes. It involves a number of inter-related activities designed to plan, promote, distribute and price a product or service in order to meet the wants and needs of both the parties in the exchange transaction. Any marketing programme generally tries to solve two marketing problems, namely, stimulation of demand through pricing and promotion, and physical distribution that is serving demand through transportation, and storage.

M-1:

Forecast of sales is done on the basis of historical data and quotations received in most of the organisations. However, trend has been to shift to zero based budgeting. In some organisations sales forecast decisions are taken at the head office level but in many cases it was done at the branch or plant level. This was totally a company policy.
In majority of the cases, total sales of a region was dependent upon the production capacity of that region. Actual sales is arrived at on the basis of despatches made. Further, actual sales is categorised on the basis of regions only in most of the organisations. Many also categorise on the basis of regions as well as products. However, in a few organisations such division is made according to the products only.

M-2:

Advertisement constituted an important aspect of sales expense budget. Many organisations undertook advertising as a regular feature of the company while many did not do so. All organisations fixed a certain percentage of sales to form its advertising budget/expense and this percentage ranged from 1-10%. In majority of the organisations it was observed to be the responsibility of the head office to ascertain the advertising budget.

Sales promotion expense was a regular feature or constituent of sales expense budget for some organisation while it was not so for many others. Those
organisations for whom it was a regular feature allocated a certain percentage of sales to form sales promotion budget. Most of these organisations allocated 5-10% of sales.

Sales administration expense is yet another component of sales expense budget. The volume of advertisement and the number of units or branches the organisation has, influences this expense. This expense is also calculated as a percentage of sales - it generally is below 5% of sales. The responsibility of this decision is in the hands of the unit level itself.

Expense on sales force was a major contributor of sales expense budget. This decision is generally taken by the unit level concerned. It is ascertained as a percentage of sales and for most of the organisations it was between 10-15% of sales or even more.

M-3:

Various aspects affect the price fixed for any product. Cost of product is decided by the head office. Most organisations grant certain concession in the form of discount to its customers. Such concession is given
to government customers and other regular customers having good financial standing. Moreover, the prices of competitors had no effect on price in most of the cases. In majority of the organisations, prices of substitutes had no or insignificant influence on price. Price of product, however, was affected by the companies preference for market share or profits.

**M-4:**

Product can be varied according to quality, feature improvement or change in style. In most of the organisations surveyed, product was not varied according to quality. However, in some organisations product was varied to serve for different purposes. Most of the organisations were very quality conscious. Feature improvement could not be incorporated in the product of most of the organisations and style could not be changed in the products of all organisations that were surveyed.

**M-5:**

The attitude of customers can be traced by administering a questionnaire, interviewing customers or creating customer panels. Some organisations attempted
to trace customers attitude through the use of questionnaire based surveys while many conducted interviews. Most of these were undertaken on an annual basis.

Many organisations create customer panels with a problem solving approach and meeting customer inquiries. These panels, however, consisted of specific personnel in majority of the cases.

**M-6:**

Some organisations incur or fix a certain sum for advertising and publicity. Moreover, this decision was based on past experience. Further, most organisations did so with the objective of creating awareness about the company and many a time its advertising decisions are influenced by the strategy followed by its competitors. However, many organisations do not incur any such expenditure.

**M-7:**

All organisations required information about the organisation's overall profit in order to compare with
its past performance as well as with its competitors. Further, most organisations ascertained profits according to the products or regions or a combination of the two.

**M-8:**

Most organisations treat warehousing decisions to be a very important decision in the area of marketing and such organisations make adequate provision for regional warehouses. Delivery times were different for different organisations because of the difference in the nature of goods manufactured. The modes of transportation used were rail or road or in many cases rail as well as road were used. Moreover, majority of the organisations allocated 0-5% of order value to warehousing and transportation expense.

**6.3 FINDINGS IN FINANCIAL INFORMATION REQUIREMENTS:**

Finance is said to be the life blood of an organisation. Without finance it is impossible to undertake any manufacturing activity. In fact, the efficiency of production and marketing operations is directly influenced by the manner in which finance
function of the enterprise is performed. Finance function assumes an important role in the business system and it should be given equal importance with production and marketing functions. Under the systems approach, there is an interrelation and coordination of these three subsystems of business going hand in hand offering jointly ways and means to accomplish the common goals of an enterprise -- namely productivity and satisfaction. Ever changing requirements for finance make necessary frequent review of the company’s capital as well as its financial requirements. In adjusting to these pressures, financial policies help management in decision making.

F-1:

The total budget consisted of marketing, production, capital and revenue expenditure budgets and the most important constituents varied from production budget to marketing budget.

F-2:

All organisations prepared selling and distribution cost budgets and for this sales budget was also prepared. Some organisations based a certain
percentage of sales to form selling and distribution cost. Most of them fixed this at 20% of sales.

**F-3:**

All organisations prepared a production cost budget which was based either on annual production target or the annual sales target. But more often the sales target was formulated first on the basis of which production target was laid down.

**F-4:**

All organisations have separate budgeted administrative costs which were generally based on past data. Some organisations divided its administrative cost according to different plants, while others did so according to the heads of expenditure only.

**F-5:**

All organisations prepared cash budget. This was based on the sales budget in all the organisations. The main source of cash receipts was sales and the cash payments included payment to creditors, loan repayment, to name a few. All organisations however undertake such receipts and payment through authorised banks.
Most organisations considered preparation of new product budget to be an important financial decision and this was undertaken by the Research and Development department of the respective organisations. This was more so with the more quality conscious manufacturers. Some organisations, however, do not consider this an important financial decision.

6.4 FINDINGS IN PERSONNEL INFORMATION REQUIREMENTS:

The growth in size of various companies and recent emphasis on human relations have stimulated interest in identifying and appreciating variables that influence job satisfaction, morale, motivation supervision, communication and delegation of responsibility. The personnel manager of today is becoming increasingly aware of the need to identify and utilise newer and more valid methods of selection, promotion, training and
performance evaluation. Research is also carried out to find the most equitable method of wage and salary determination.

P-1:

Planning for manpower requirements in an organisation is a result of evaluation of job and work study. This is dependent upon the skill requirements of different grades and the nature of the job. In some of the cases, this is also influenced by the number in other organisations. Moreover, mostly the head quarters or office needs such information.

P-2:

Cost of recruitment of personnel reveals that maximum cost is incurred in advertising through newspapers. These advertisements may be circulated through head quarter/office or the unit level depending upon the level of organisation for which it is advertised. Further, cost is also incurred for paying for travelling allowances. Moreover, lodging, boarding, medical examination occupy a small hold over cost. Most organisations also train the candidate and cost has to be allocated for payment of stipend to them.
P-3:

Most organisations undertake to conduct in house as well as external training programmes. Most training imparted were need based or on-the-job training. Moreover, training was imparted for all levels. For the higher level, most frequent was on MBO, and transaction analysis; for middle level, training was on value-engineering and quantity control and at lower and supervisory level it consisted majorly of training for redeployment and team building. In the workmen category, training relates mainly to skill development training and training in functional areas. For many training of apprentice was a statutory requirement. Further, in many organisations, training was also imparted on safety and first-aid, computer applications, vocational training. Most of the cost involved in training pertain to maintenance of training centre and its facilities.

P-4:

The wage and salary are mainly influenced by various factors - (i) The number of grades existing in
an organisation influences the wage and salary administered. The larger the number of grades, the larger will be the number of salary slabs. (ii) Further, the bargaining position of the union has a significant influence. This, however, has to be in accordance with the guidelines laid down by the National Productivity Council. Moreover, wage rate is largely influenced by the market rate prevailing in the local area as well as other similar industry. The organisations paying capacity also influenced the organisations decisions. The higher the capacity, the higher the wage rate. Further, wage rates were changed once in a while whenever the need for it arose.

P-5:

The total number of employees in an organisation in a year is affected by the total number of recruitments made on one hand and the total number of separations (voluntary or otherwise) on the other. The turnover is affected more by the voluntary separations and normal retirements rather than by forced separations. An increasing trend in turnover was noted in many organisations basically because of voluntary
retirement scheme announced for various levels in the organisations. The rate of turnover was considered important by the researcher as it reflected the personnel policies followed.

P-6:

Information regarding accident frequency is held either by the industrial engineering or safety department of the organisation. Majority of the accidents occurred during overtime period, while very few occurred during normal working hours. Most disablements which affected manhours worked were of a temporary nature. Moreover, most accidents occurred because of improper handling of materials. Preventive measures are being taken to reduce both the frequency as well as severity of accidents occurred - the number of hours of overtime granted is reduced. Further, maintenance of records of frequency rates and severity rates helps to monitor, check and control accidents.