Appendices
Human Resource System Effectiveness Audit

India is a rich country where poor people live. It is felt that though we have abundant resources, their utilization is not optimum and that affects productivity, profits and growth.

In the context of business organisations, human resource systems like Manpower Planning and Review, Recruitment and Selection, Performance Appraisal or (Performance Management) and Training and Development can enhance productivity of resources and profits.

The present study is intended to gather data regarding effectiveness of the HR system interventions as to whether they operate as support mechanisms for organisation's performance.

Name: ______________________________ Position: ______________________________
Qualification:_________________________ Date of Birth: __________________________
Organisation: _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ Experience (years): ____________________
Date:_______ Address: ______________________________________________________

Phone :  < R >  (O ) ______________________(M) ____________
Fax :  __________________email:______________________________________________

Please read the following statements and give your response on how you will evaluate the existing system in your organisation. The scores are to be given in the blank space provided at the extreme left side of each statement. Interpretation of the scores is as under:

1 = Totally disagree, 2 = Partially disagree, 3 = Do not know
4 = partially agree, 5 = fully agree.

___ 1. I have required knowledge and skills to perform my present job.
___ 2. Manpower plans and manpower utilization is reviewed periodically
___ 3. My talents are fully utilized.
___ 4. I get opportunity to do the work, which I like most.
___ 5. Superiors pay attention to improve existing methods of working.
___ 6. Employees are placed on various jobs as per their skills.
___ 7. Values and attitudes of employees / new recruits are taken into account
before they are placed on a particular job.
8. Vacancies are identified and filled well in time.
9. Future manpower needs are identified and reviewed periodically.
10. Training and development plans pay attention to grooming personnel for the future.
11. Our company is able to attract sufficient number of potential candidates to our organisation.
12. Our company maintain a data bank of potential candidates.
13. Our company recruit people for the future jobs.
14. In our company, selection of candidate is done by matching Individual’s talents and organisation’s needs.
15. Employees are regarded as assets of the organisation.
16. There is a definite process followed for selection.
17. Decision to select or reject a candidate is made on the basis of merit.
18. A future performance problem can be avoided by taking adequate care during selection.
19. Job knowledge is a critical criterion for selection to senior positions.
20. While recruiting values and attitudes are given more weightage over knowledge and skills.
21. I know my responsibilities and the results expected of me.
22. Employees are clear about their roles and responsibilities.
23. I focus my attention to achieve my goals.
24. My superiors gave me feedback about my performance in the last three months.
25. I am encouraged by my superiors / colleagues.
26. My career plan is reviewed along with my performance review.
27. Training and development needs are identified in the last one-year.
28. My suggestions are considered for implementation.
29. My good work is recognized / rewarded at least once in a year.
30. High performers are recognized / rewarded at least once in a year.
31. I have a friend in my department.
32. I am aware of the purpose of my job.
33. New recruits are imparted required training.
34. Corporate objectives are central to training.
35. Employees are committed to quality of products.
36. Training programs focus attention to timely deliveries.
37. Cost effectiveness is important for us.
38. I learned something new during the last 6 months.
39. The organisation recognizes individual initiative.
40. Post training performance is reviewed and analysed periodically.
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Corporate objectives are the central to training.

Employees are committed to quality of products and services.

Training programs focus attention to timely deliveries.

Cost effectiveness is important for us.

I learned something new during the last 6 months.

The organisation recognises individual initiatives.

Post training performance is reviewed and analysed periodically.
Appendices – III

Interview – Questionnaire

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?

Q5. Do you think that the above systems contributed to improving bottom lines?
Interview (Samples)

ID No. 6

Q1 Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. We could meet the changing needs and expectations in terms of speed and quality. We also adapted to new technologies and products. Also the system helped in facing the challenges posed by three dislocations in a short span of two years. In spite of such set backs, we could improve from a 12-day cycle to a five - day cycle. This is something good in our type of business.

Though identification and deployment of skills took time in the initial stages, now we are sure where to look for as a Human Resource Information System is in place. Also skills are drawn from across the organisation. We know no boundaries here. There is smooth movement of work and skills as per needs.

Q2 Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?
A2. Well, recruitment and selection is done systematically. I personally underwent the process. I got the feeling that the company matters selection of right people. At the end, the candidate feels that he is worth the job and gains a good amount of personal satisfaction and increase in his self-esteem.

The new recruits have been definitely helpful in implementing the systems. They have enthusiasm and energy and are highly inquisitive to learn more. This helped in speedy implementation of a number of projects like computerization, say for example bill of material preparation, implementation of quality system, etc.

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost and improves work culture?

A3. Yes. The departmental goals and targets are derived from the corporate goals and objectives. The departmental goals are further broken down into individual performance goals. Goals for individual engineers and draughtsman are set based on their competencies. Current Performance goals are improvement on earlier performance in terms of time, quality and cost. Departmental activities and goals are reviewed during monthly
review meetings. Issues related to quality and customer requirements are addressed in monthly performance review meetings as well as in the design review meetings.

Learning is also made possible by assigning tasks related to new products. This enables individual development. Job Change tools like Job enlargement, job enrichment and job rotation are used to facilitate the learning process.

The change in work culture is specially felt in terms of teamwork and sharing of learning experience. In many cases this ultimately lead to problem solving and interdepartmental conflict resolution.

But I have felt that we are not getting sufficient feedback from our superiors. We have started (Zero Investment Improvement) ZII system to recognize work place improvements.

Q4. Do you think that the training efforts attach importance to imparting knowledge, skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. As and when new products are to be produced, or technologies need to be introduced employees are imparted training to
improve their knowledge of the product / technology. For example, computer aided design and drafting training is imparted to one and all... This helps every one to keep himself updated on technologies, and skills... without becoming 'redundant'.

Up-gradation of knowledge of a product or process is done by means of on the job instruction / coaching. For example, a fresh trainee engineer will be asked to perform an activity (say design of a particular component) under the supervision of a senior engineer. Take another example; a Trainee Engineer under the supervision and guidance of a senior engineer prepares the bill of material. So knowledge and skills training is provided on the job, they are reviewed and evaluated by all concerned like the department / user / customer, the trainee and the HRD Department, making training is a team effort.

Conceptual inputs like time planning, inputs for behavioural skills etc. are imparted off the job.

S4 What are your suggestions for developing people for tomorrow?

AS4 Advances in computer technology and its application, on which we are just sleeping.
Q5. Do you think that the above systems contributed to improving bottom-lines?

A5. Though I am not in a position to establish the above with the help of figures, I believe the systems helped in improving the bottom lines. I would like to put it like this. Had the systems were not launched; things would not have improved as it is now. By maintaining what we were doing, say 4-5 years back, we would have continued to be in the red.

Q6. You left ABC Ltd. to join this company. How would you relate yourself with this organisation?

A6. ABC is a large organisation. We are smaller as compared to them. I enjoy the work culture here. There is abundant opportunity to learn. There is freedom, people are empowered to perform... free to experiment. There is no hierarchy and levels. One can freely walk in to the Chief Executive's room. The exposure we get here is simply excellent.

Q7. You joined this company for lesser compensation?

A7. Money matters. But if I do a work, which is not satisfying and self-fulfilling, then the job has no meaning. I am enjoying what I am doing. And people here value my contribution... and that makes me proud... about my job and me.
Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. The number of persons engaged in my area reduced over the past few years. Persons engaged on photocopying and ammonia printing was discontinued, another engaged in the pantry was also discontinued. One of my peons is engaged for photocopying and ammonia printing and supporting Sales and Engineering. Another peon was trained for computer data entry and is now engaged in planning department on a full time basis.

On retirement of our driver the position was not filled. The peon in Planning is performing dual roles of a driver and that of an office assistant. His role as a peon is abolished. Contract workers engaged in housekeeping were reduced and later discontinued.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?
A2. In my department, there was no new recruitment. A Front Office Assistant who joined four years back through certain references. The current systems were not in operation then. Though HR identified behavioural inconsistencies, it was not seriously taken because of two reasons: (1) situational disadvantage for a female (2) salary level was not high enough to attract candidates, (3) given the emergency, it was not possible to recruit a fresh candidate and train him / her. Today we think that we could have trained a new person to fit into our requirements than making compromises.

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. System is fine. It takes care of corporate objectives and individual development. It has to get deep rooted in terms of implementation in my own areas. You know the level of people that I have to handle is slightly different. Yes, if you are asking about the whole organisation, it has helped in meeting commitments, cost reduction and quality of work.

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they
adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. Training efforts have given importance to up-gradation of knowledge and skills. These are affected improvements in workplace. After all what is the use? I train people and someone else takes away my trained people because they can contribute more somewhere else. I think attitudinal changes have not been affected... and job is not very satisfying for many of the people in my department.

SQ4. Do you think that you have spent enough time training your people? Whether training is imparted against all the identified needs?

SA4. It is true that we have not been able to release people for training and counselling. We have our own constraints, and pressures.

Q5. Do you think that the above systems contributed to improving bottom-lines?

A5. The system could provide basic thrust in identification and elimination of many of the non-value adding activities. We have been able to eliminate some of them.
Q6. As you told earlier, the number of people engaged by you is reduced. This must have resulted into a situation where your people are overworking and their job satisfaction is adversely affected...

A6. Yes, we have got a feeling that we are overworking.

Q7. I think your expectations from your employees are less - a ‘we can’ attitude is missing.

A7. How much we can expect? The number of people engaged was reduced and no replacement is coming. When resources are reduced how you can continue to give the same output. Here service required has increased manifold. Everybody wants things urgently.

ID No. 18

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. The most important of the efforts were in preparing information of skills and thereby building database for decision-making. This helped us in having skilled people whenever a need arise. For
example, four drilling machine operators left the organisation, and Vertical Turning Lathe operator retired. We filled the vacancy immediately from within. Today, we have four trained operators for every key machine. In a two-shift working, even when people take leave in normal circumstances, we will not have any problem (of idle machine) due to absence. We used to recruit whenever someone retires or resigned, or even for leave vacancies. We never thought of running one more shift without paying overtime. Job rotation is also done with a view to increase skill variety and mobility.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. Incidence of recruitment were only limited to the engineers. Three engineers joined in the supervisory cadre. Two of them started as Apprentice Engineers. One person with four years outside experience also joined. Values and attitudes of the people who joined conformed to our requirements.

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely
deliveries, improve quality, control cost, and improve work culture?

A3. The Department Head or the HRD Dept head identifies either during the performance review discussions or at any other time individual development needs. Individual needs are integrated with the organisational goals.

Since its integration delivery, quality and cost have started gaining more attention than before. It has also helped in bringing about more discipline in the work systems and way people respond to various demands made on them.

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. Definitely training programs are giving attention to these areas. In fact this has become a need for many employees since these elements are part of the departmental objectives. Individual performance goals and targets also find these elements and therefore learning the same has become a necessity.
Q5. Do you think that the above systems contributed to improving bottom-lines?

A5. The integration of these elements to the appraisal system and its periodic review is showing positive results in terms of faster delivery, and quality. There is an increasing awareness about reduction of cost and wastes. Saving made is in terms of the reduced manpower and absorption of the tasks by existing work force.

ID No. 23

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. One thing is sure, whenever someone left or was to be shifted to another department; we had another ready to take up the job. I cannot talk much about financial results, but the late delivery penalties are no more a common threat for us. We got performance bonus from our customers on a few jobs during 1998-99. This is a new story in our company. Today activities begin as soon as we get on order. We don’t wait sleeping to be waked up by the customer’s reminder. We are more confident
to face challenges today than ever before. In terms of manpower we have a committed and dedicated lot.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. Most people who are watching the organisation and the events will agree that recruitment system has given results. It is merit based and system driven. People with the right values and attitudes can only get entry. As compared to our earlier recruits, new recruits are more active and ambitious. They want to learn and do things faster. I can say most of the changes in planning have been initiated by them. Behind every success is improvement in deliveries, or systems implementation. A number of small interventions like job scheduling and monitoring, computerization of department activities, job closing meeting, performance review, record management, machine planning and loading, loading of marking and cutting shop, etc. are implemented / initiated because of the enthusiasm and energy of our young people.

If the current trend in performance is any indication, we can say they are promising and can take up future challenges.
Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost and improve work culture?

A3. The present system is to set corporate objectives and based on the corporate objectives decide same departmental objectives. The departmental objectives are further broken down to prepare individual performance goals. Individual's performance goals are activities with time, quality, and cost as components of targets. Culture elements of communication, feedback, reward, control, coordination, etc. are considered for setting the performance targets. Measurement and feedback has become a part of the system. Commitment and ownership, which we identified as part of our value system, is very well ingrained into each and every employee in the department.

Because the system is there, we are able to collect a lot of information which otherwise would not have been reaching our hands. It has greatly helped in reducing the manufacturing lead time / response time, taking timely corrective actions, and also in taking a number of steps to control costs.
Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. Yes, training programs addressed issues like lead-time reduction, improvement of quality, cost effectiveness. Individual performance goals also addressed these issues. Implementation of the goals were reviewed and monitored through the performance review system. Off the job training programs gave focus on needs like communication, time management, interpersonal relationship. In most cases, the needs identified had a relation with workplace behaviour and attitudes.

Work which were done by more experienced engineers is being done by less experienced junior engineers.

We have got two engineers from Production department during last year. In less than a month time, they were trained to do all planning activities. As systems were in place, they could learn and perform better. A good mix of on the job and off the job training helped in converting low performing production engineers to high performing planning engineers. They were
rated among the top 10 percent performers. Both of them won performance awards for the period 1998-99.

SQ4. Do you think those transferred from production to planning are happy now?

SA4. Yes, a big yes. They may have problems with respect to what has happened in the past.

Q5. Do you think that the above systems contributed to improving the bottom lines?

A5. The real profit is in terms of improving the commitment levels. We trained people for performing better, discovered new and new avenues for them and made them high performers. Employees who were rated as low performers one year back could become high performers in the next year. As a result of training and development efforts. Today we are working with lesser number of manpower. The average experience of the people in the department is less than two years. The improvements done in terms of faster deliveries and reduction in the number of persons engaged has contributed to better financial results.
Q6. Do you think that the work culture in your department has contributed?

A6. We give full freedom to all. Except when something lags behind or fails nobody bothers to intervene. People do their work without any supervision from the part of superiors. They are encouraged to come forward and tell their problems. Superiors are expected act up on them immediately. All our employees sit and work on computer. There is no resistance to doing work of any type. Each one is fully empowered to make improvements in their work place. This is our USP when it comes to management. We understand that communication and innovation are major elements of our culture. We reward positive improvements in these areas.

ID No. 24

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. In the existing system planning and allocation of resources are better done. Review of its utilization and corrective actions to improve them are carried out. This has over a period of time improved utilization of manpower as well as of other resources. You know the present lot is able to carry out all the key processes in the planning, design, estimation, production,
working on computer, etc. When the detailed bill of material was to be prepared there were less people willing to take up. The job was given to trainees who worked under the supervision of senior engineers. They learned the process in a few months time. Putting the right people on the job only helped. There is no doubt that we are able to meet the future challenges.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. Selection takes place after a number of tests, exercises, group activities, personal interview, etc. Most people joining now are the ones who are interested to learn and excel. As regards potential is concerned, you can judge on what I did in a short period of less than two years. I worked in Shop floor, Production Planning, Engineering, and now in Project Planning and Execution. I am confident of doing any job given to me.

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. Yes. Integration is done. For example, if I want to learn computers, I am given work, which makes it necessary to use
computers. There is mutuality of interests. And we find this always interesting. And we have in most exceeded the goals set. My last assignment is in Project Planning & Execution. In this area, the deliveries have improved; we have cut short the response time considerably.

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. I have been able to attend a number of programs. Also I took part in a teams and task forces for data collection, group discussion, coordination and Implementation of decisions. This also increased my knowledge of the system and how problems arise and how it is corrected.

Well there were programs and events focusing on deliveries, quality and cost control. There were good follow up actions for implementation of decision / action plan prepared in the training sessions.

The system changes and improvements necessitated collective and team based solution search and implementation. I felt this is a unique learning opportunity.
Q5. Do you think that the above systems contributed to improving the bottom lines?

A5. The work culture offered an environment for learning and development. We all worked with team spirit. There are projects on which we received performance bonus from our customers. This never happened in the past. Also the opportunity cost saving in terms of the reduced process time and reduction in defect rate, overhead expenses will adequately impact our balance sheet.

ID No. 25

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. As far as I am concerned, there is full workload. But I got to learn new and new things. We have taken up all the latest in the available technologies. As regards future, we will face it when we have to.

SQ1 You worked in Engineering for almost 19 years. And now you got job rotation. How do you feel?
SA1. I got opportunity to learn few more things. I feel happy about it. Initially there was some discomfort. That was removed once I was told about the reasons and need for the change.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. I joined the company some twenty years back. I wanted a calm work climate. I know that our company is getting an image of a good employer in our area.

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. Appraisal targets take care of individual as well as organisation needs. Goals also include targets on time taken for completion of activities and measurement and control of defects.

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they
adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. I have never been thinking that I will be using computers some day. I took considerable time to learn the system. Now things are okay. The reason for my own job rotation was to speed up activities in planning.

Q5. Do you think that the above systems contributed to improving the bottom lines?

A5. We were a sick company a few years back. Now we are making profits every year. Systems played an important role in speeding up deliveries, reducing defect rate, cost control and also building a work culture.

ID No. 26

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. The system has helped in improving financial performance. This is more by focusing on the size and structure. I can only make a relative statement in terms of past years. If we take the case of 1994 or 1995, now we are better positioned.
Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. I joined the company during 1996. In Project Planning & Execution Cell, I am in charge of the most critical jobs, which values for more than 85% of the total business. I feel credited as this came to me surpassing engineers who have two decades of experience in the company.

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. Corporate objectives and goals are integral part of the system. Individual development is also aligned to this. The system focuses on quality, delivery, cost and culture.

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost, control and culture building?
A4. Training programs focus on achievement of corporate objectives as well as on individual development.

Q5. Do you think that the above systems contributed to improving the bottom lines?

A5. The system not only contributed in improving bottom lines but also it supplied oxygen to the organisation.

ID No. 33

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. Talking for my department, I can say that three of my employees left the company during the past three years. We have been able to manage the jobs without recruitment from outside. We have got replacements from Stores, Production and Planning and they are trained on the job to take up new responsibilities.

During the past six months time, three of our sweepers cum helpers were reduced making the job to be shared with internally available resources. We could do this by reviewing and restructuring the present arrangements.
All the above resulted in reduced manpower costs on the one hand and allocation of jobs in such a way that it increases the productivity of resources.

SQ1 The methods, which people use, may not necessarily match with the latest trends. Some of the software developed is not used.

SA1 We also need to consider number of other factors. Take for example, the latest trend is total computerization, e-commerce, e-accounting, and so on. If our auditors want us to keep signed hard copy for all quotations, offers to be received by post and not by fax, etc. We cannot adapt latest technology as we wish. Auditors represent the investor and the shareholder. Their needs are also to be met. So we take it that way.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. Though we have had no direct recruitment during the past few years, we have taken people as a result of internal job rotation, etc. We keep in mind the values and attitudes of the people who are coming in. People are willing to take up any responsibility given to them. When I compare potential of recent recruits with that of the potential of the previous years, we can say this factor is improving steadily.
When it comes to taking challenges, this need some detailed analysis of the situation. During previous years, the company delivered equipments in 10-12 months time. Today things have changed... customer requires the similar equipment to be delivered in four months time. And we are in a position to meet those deliveries... yes, this calls for a bit more mental and physical exertion. Our people are doing it.

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. As work has become more process-driven with the introduction of documented procedures, learning and individual development takes place through its implementation.

The system has started impacting timely deliveries, quality and cost as these elements find a place in individual performance goals. Achievement of targets has a link with the performance rewards and personal development.

Better review and feedback system has made improvements in customer orientation, and, accountabilities for jobs improved. Adaptation to the new ways of working is slowly progressing.
SQ3. People generally wish to know what is happening around.

SA3. As time matures these expectations are becoming demands. We cannot tell anything and everything to all. They are coming here to work and they get salary for that. Why managers should inform everything to them? Is that not a little unreasonable?

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control, and culture building?

A4. Two years back we had a series of programs focusing on total materials management; beginning from how to write a specification to how to manage inventory. These were meant to increase the awareness level of functional staff. Work skills are improved by on the job application of knowledge and by implementing learning at the work place. We could identify and document a number of improvements like inventory reduction, internal customer service, etc.

As regards training on values and attitudes are concerned, we have off-the-job programs. Coupled with the above, superiors give feedback on performance or behaviour. This addresses the key performance problem of gap between demand and supply,
or expectation and accomplishment; whether it is work output or behaviour. Important here is the diminishing levels of resistance to the increasing demands and expectations.

Q5. Do you think that the above systems contributed to improving bottom-lines?
A5. Yes, the reduced lead-times had an impact on the interest expenses, purchasing prices have come down substantially; we have been able to improve quality of the products.

The systems increased awareness on the need for improvements. The increased awareness created a new set of demands and expectations and another set of accomplishments that reflected in output and behaviour. There have been accomplishments in terms of faster deliveries, better quality and reduced cost. The same amount of work is performed by lesser number of people, at lesser cost.

SQ6. There is a feeling that by better adaptation of technology and improvement in working system, you can further improve productivity. There was some resistance from people ... How you managed it?

SA6. Our objective is not to introduce technology. We have to have a balanced approach to this. Can we automate every activity and render people job less? We have adapted new technologies like MRP earlier. And we moved to ERP now. And now we need to
make heavy investments to further change. We can have Internet and intranet based operations. All this would mean more investments. Considering our size of business that investment will not give returns ... returns that will be more than the cost of that investment.

The system in many cases required additional activities to be performed which most of our people were not used to. Take for example computerization. Also you see goals are changed progressively every year. So demands and expectations are changing in line with market and customer requirements. So is the method of doing. We persuaded and tried to convince our employees.

ID No. 34

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. As it is said every one in supervisory position will complain about scarcity of resources. This is true in our case also. We realised the need for keeping the number under control and upgrading the knowledge and skills. Today, we operate with less number of people.
We are able to dispatch jobs faster now. We are getting materials with lesser lead-time. All these positively contributed to profits.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. We have taken people from within only. We have opted for the ones with right values and attitudes. You know they are dealing with money. As regards recruitment generally, there is a system to filter. Looking at today's performance and the enthusiasm demonstrated by them, it is possible to say that they have the potential to take up future challenges.

Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. We believe that individual development can be possible through corporate development and vice versa. Take for example, a plan for training on computers is integral part of the organisation's computerization plan. Learning computers is an element of the individual's career and development plan. The system envisages setting goals for improving deliveries, measurement and
improvement of quality, control of cost of purchased products, and interdepartmental teamwork. In our case, for example, lead-time, defects, proper documentation, vendor development, etc. are part of our goals. The feedback system that forms a part of the review mechanism has served as an effective tool in improving the work culture of organisation.

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. Most of our employees are there for quite long and have knowledge and skills required for performing their jobs. As and when work systems are changed, it takes place as a result of the joint discussion in departmental review meetings. So awareness of the change in the system is there with all in the department. And when the same is introduced, there is very little to be learned.

Meeting or exceeding the requirements of the customers is a standard that we have set for us and is mentioned in the quality policy of the organisation. Non-fulfilment of the same will become a point for discussion in the review meetings... so that the same get highlighted and resolved without delay.
Q5. Do you think that the above systems contributed to improving bottom-lines?

A5. Yes, we have been able to substantially reduce lead-times, improve quality. Cost is another area of our regular attention. And we have been able to make progress in these areas.

Q6. Since you have more aged and experienced people, you must have faced a different experience...

A6. There was some amount of unwillingness to follow new systems or ways of doing the work... e.g. use of computers. But this we could overcome by creating awareness and listening to their problems. It took some time to make people appreciate.

Q7. People generally think that the mechanism of performance feedback could bring more efficiency and effectiveness to the system.

A7. We are giving verbal feedback in most situations. Most times you are caught up with many other burning issues and it is difficult to find time or give priority to giving feedback.
ID No. 41

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

We are only recruiting young people and allowing the existing people to take up positions as it emerges. This necessarily reduces money outgo. People are trained to do their jobs. They are easily adaptable and are willing to take up future challenges.

We promoted employees in workmen level to inspector’s positions. This places the company in a better footing and improves the motivation level. The system helped in utilizing the available resources in a more productive manner.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. We have two new recruits in our department who joined our department directly, and one each was transferred from production and machine shop respectively. The transferred from production was a low performer there. All are doing well and are in a position to perform their roles effectively. He also got tuned to the new systems and speed with the passage of time.
Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. In our appraisal system we also take care of performance goals as well as individual development plans which includes their (academic) study, work related training (like ASME Codes / Standards, Radiography tests and examinations, etc.) These opportunities keep people motivated. Since employees are professionally qualified and / or trained they are in a position to do their work as expected.

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. Programs like radiography, calibration and ASME codes etc. provided knowledge. As they are immediately practiced on the shop floor, skill up-gradation also takes place. Programs to improve attitudinal and behavioural modifications are arranged in-house. Problems arising out of attitudinal and behavioural problems are resolved at the shortest possible time.
Q5. Do you think that the above systems contributed to improving bottom lines?

A5. The systems helped in cutting down process time, reduction in the defects rates, smooth flow of communication and feedback and also better utilization of resources have substantially reduced our cost which necessarily have helped in improving our profits.

Q6. Do you think that the additional training provided to the welders and the monthly performance feedback system has reduced the defect rate?

A6. Making people aware of the defects and their reasons are definitely a good step towards reducing defect rate. Training has helped in having more qualified personnel for special processes. Also the defect rate of qualified personnel has come down. If we go by simple arithmetic, the reduction in the cost of repair over the previous period has resulted into a positive gain.

ID No. 42

Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?
A1. We had the problem of high employee turnover. In a period two years we lost three engineers in quick succession. Two of them did not completed more than 6 months. Now that things have stabilized, people here are willing to put extra effort when required. There is no need to tell them about it. Regarding our readiness to face future challenges - yes, we are more confident now.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. Yes. At present we have no problem in attracting reasonably good candidates for any position. As we are employing psychological testing and group processes, we are clear in our mind the type of candidate we are taking. And we know what next to be done to mould the candidate to suit our requirements. The present system helped in reducing the employee turnover in my department. Over and above, we have lesser grievances now. It is not that there are no problems at all. But those issues does not stop people from working... they are not affected by them... their motivation is work and achievement of goals.
Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. The system has elements to improve deliveries, quality and cost effectiveness. We have a number of externalities operating - like the economic and market conditions. The feedback and communication system necessarily improves the work culture and relationships.

Q4. Do you think that training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?

A4. Other than computerization, there were no technology issues as far as we are concerned. Our goals were increase in absolute numbers, values etc. like increase in promotion efforts, faster responses, timely collections, proper record management, etc. On conceptual and behavioural issues we had a few off-the job programs.

Q5. Do you think that the above systems contributed to improving the bottom lines?
A5. We are sure that the number of people employed in the non-permanent categories has substantially reduced. This has definitely reduced the cost burden on the company. In the process of increasing the speed of our operations we have not increased our manpower. The variable component in the reward system takes care of the special treatment required for high performers. The in-house arrangements for training has led to low expenses on account of training on the one hand and more focussed and issue based training on the other. All these necessarily contributed to better performance of the organisation.

Q6. You have put in almost 15 years in the company. You also worked in the pre-liberalization era. What difference you see?

A6. I can easily say that systems have improved... there is greater predictability. People know what they are expected to do and how they have to do it. Things have become faster than earlier.

Q7. What in your opinion is the reason for increased speed?

A7. Because of the improved clarity of roles, and partly because of the high energy level of our employees.
Q1. Do you think that the present manpower planning and review system helped better financial performance and positioned the company to face future challenges?

A1. Yes, it has helped in improving the financial performance. The new inductees are capable of doing all kinds of work that is required of them with less amount of training time. They are capable of learning and changing faster.

Q2. Do you think that the recruitment and selection system has helped in attracting and inducting talents with right values and attitudes? Do you see them as more promising, having high potential to take up challenges in future?

A2. Improvements and changes required as part of the new demands in terms of faster deliveries, cost control and quality are achieved with greater involvement of new inductees.

The new recruits were instrumental to implementing systems. Once others found success through a new system, they also followed. For example the production reporting system and new formats, monthly and quarterly reviews, feedback to workmen, target setting and appraisal, planning and scheduling, and, taking preventive actions, etc. are getting accepted.
Q3. Do you think that the Performance Appraisal System is integrated to corporate objectives and individual development? Whether it contributed to improve timely deliveries, improve quality, control cost, and improve work culture?

A3. Our honest submission is that this year only we have given the required importance to the appraisal system. I am sure this has increased the role clarity. Periodic reviews helped in improving the quality of the feedback system. We have included time, quality, cost and culture elements and have identified individual's responsibility.

In addition to the monthly performance reviews, we have started weekly review of jobs (individual projects) and this also helped in identifying weak / problem areas and in taking timely corrective actions. The system has improved deliveries in the earlier part of the calendar year as compared to the previous years.

Q4. Do you think that the training efforts attach importance to imparting knowledge; skills and attitudes as inputs and they adequately address corporate needs like faster deliveries, quality, cost control and culture building?
In the area of technology, our people at supervisory levels underwent sponsored programs. Also for conceptual knowledge like cost effectiveness, time based competition managerial levels are sponsored for programs. In-house programs are also conducted on needs like communication, cost reduction, time management, and quality improvement. This helps in bringing shop floor problems to the classroom and decides solutions.

Programs on computer skills etc. are done in-house. For operatives in-house faculties arrange on-the-job training programs. In house off-the-job programs are arranged which focus on understanding new concepts / gain knowledge.

Training programs helped in increasing the number of operatives qualified to perform different types of special processes.

Put together, all these helped in reducing response time and quality. We launched a number of initiatives to reduce cost. Training has, in a way, reduced the resistance.

There is an urge to innovate and improve. Also people are more communicative than earlier. We are able to openly communicate. People come forward with work and business problems with out any reservation. We consider this as a positive change in the right direction.
Q5. Do you think that the above systems contributed to improving the bottom lines?

A5. Deliveries have improved. As a result of which we have been able to get performance bonus in some cases. This is a big improvement when we consider the amount we used to pay as late delivery penalties. Also the working capital requirements and interest expenses get reduced because of lower cycle time. In the quality front, the reduction in rework and repair has saved substantial amount of money. The reduced number of people doing the same amount of work has also impacted our input cost. All these have a positive impact on our profitability.

Q6. To what extent training for workmen helped in improving the productivity?

A6. We have been able to contain some of the expenditures (like over time), which we traditionally incurred. The other parameter is the utilization figures of manpower and machines have improved over the period of time. More interaction and communication has helped in explaining the business problems to employees at different levels.

Q7. Do you think that Product quality has improved with the new system? What is the awareness level for quality and defects?
A7. Well, awareness level is very good. Since people start their work with a drawing in hand if some mistake takes place, they know it immediately. In our earlier system, we were not even recording the defects. Today, it has become a requirement of the system to record them and take corrective and preventive actions. The number of defects has reduced over time.

Q8. What way the new system helps in timely deliveries?

A8. As I said earlier, timely delivery is addressed in the appraisal system and also in training. Both these systems are integrated to shop floor performance. Records are prepared and analysed.

Q9. Do you think that the review and feedback system helped in improving the employee relations and work culture?

A9. There is reduction in the number of accidents. Also the accountabilities have improved across all levels. Employees are more conscious about quality and timeliness in deliveries. They understand the market imperatives. Two-way communication has improved over a period of time. We consult workmen representatives on a regular basis on routine matters. We had no industrial dispute for a considerable period of time, except once when the three-day strike, which was withdrawn, as it was declared illegal by authorities.
Q10. You worked in Production as Deputy Manager and later you were transferred to Planning and then to Sales and Engineering and again back to Production as Works Manager. How you felt about all these? Do you think you understand the imperatives of the business better now and you are more effective now than before?

A10. Well, that requires a long answer... In short, my understanding of the market and problems that marketing people face is clearer to me. It makes it easy to think and decide from various perspectives.
MANPOWER PLANNING AND REVIEW: A CASE STUDY

Review Meeting

Date: August 10, 1995

Presents:

- Avinash Patel: CEO
- Satya: Manager (Human Resources)
- Arun Bhattacharya: Manager (Production)
- Ullas De: Manager (Corporate Finance)
- Vivek Patel: Manager (Machine Shop - Production)
- Bipin Shah: Manager (Materials)
- Gupta: Manager (QA)

Satya: I would like to invite your attention to some of the manpower related issues so that we can take decisions with a common understanding.

Firstly, the present trend that we are seeing is really disturbing on a number of counts. Our wage bill is about 18% of sales as compared to industry average of 16%. And with the next revision due, it is going to go increase. Since the business volumes that we are able to generate is decreasing due to market conditions the figures will adversely affect our cost competitiveness and business results and can even affect survival.
Secondly, the report submitted by DC Systems show that the present capacity utilization is 17%. This is too low and no business enterprise can function profitably at this level.

Thirdly, the number of persons each function requires is high and operational level and supervisors are unwilling to even review the types of contracts existing. On the one hand, our regular employees are under-utilised, and on the other, we engage contractors for jobs, which our existing people can do.

Bipin Shah: I think we should wait for Mr. Avinash to join. Without him we will not be in a position to take any decision.

Satya: Let us discuss areas of concern and list out options available so that it will be easy to take decisions once he joins.

Gupta: We can have two questions: 1) Whether we will be able increase our volume of business and 2) if increase in volume is not possible, what we should be doing to survive.

Satya: Well. If our plan works what shall be our manpower needs? If the sales forecast fails what do we do with the manpower? If new products and services are required what knowledge, skills and competencies will be required and how that be imparted? If that is of
no avail, how we maintain the existing strength?

I have identified the following points for implementation in order to increase the utilization of our existing employees and to manage the increasing cost of manpower.

1. Computerization of Human Resource Information.
2. A skill inventory of all the employees to help locate skills and deploy them when required.
3. Prepare job descriptions and carry out job analysis to improve role clarity and increase awareness of job specifications.
4. To integrate employee’s training records and job specifications with the above job descriptions.
5. To provide computer training for operating staff
6. Redeployment of additional or under-utilized manpower to functions which are more productive and value adding in order to speed up the processes.
7. Multi- skill employees by job rotations, job enlargement and job enrichment.
8. Carry out succession planning keeping in mind positions going to be vacant in five years from now.
9. Discontinue all the casuals and eliminate non-value adding jobs.
10. Stop new recruitment to high salary areas and fill any vacancy from internally available resources.
11. Fill new openings with trainees whose salary will be low.
12. Introduce production logbook reporting system.
13. Introduce advance planning and scheduling of jobs.
14. Review utilization of capacities by senior / middle management / supervisors
15. Give feedback to the operatives appropriately and adequately.
16. Facilitate movement of skills (manpower) within departments / functions.
17. Reward / recognize employees who perform work in more than one department.
18. Special rewards / promotion for people who are multi-skilled and performing more than one skilled activity.
19. Employees who are doing first time right work should be identified and given recognition / positive reinforcements.
20. Periodic evaluation of performance on timely completion of activities, quality of the output, learning of new skills, etc.
21. Advance identification of skills as part of the job planning and scheduling so that the jobs have not to wait for want of manpower during execution stage.
22. Identify and conduct motivational programs for workmen.
23. Organize team building skills programs and supervisory - managerial skill development programs for supervisory levels.
24. Introduce productivity awards / attendance awards for workmen
25. Retrain employees who are rated low by their superiors in order
to help them overcome any performance related problem.

26. Work Instructions to be prepared and the same to be displayed at the work place / explained to the workmen.

27. Loading chart for operators in the maintenance department to be prepared by Machine Shop supervisors considering workload and maintenance plans. Merging both the department is recommended for the purpose of effectiveness.

28. Advance planning and work loading for all production operators to be done at least 2-3 days in advance so that in case of a no load situation emerging, proper work re-allocation can be done.

29. Special charge of such loading and review to be given to the planning personnel equipped with computer skills and systems.

30. A separate format for monitoring and recording utilisation and non-utilisation data is to be prepared.

31. Entry and exit of employees are made online on computer so that the same can be traced when required.

32. Accident and out-duty work details to be made online so that it is easy to record the utilization of the resources.

33. Accident records as per legal requirement to be maintained so that appropriate steps to prevent accidents can be taken as per provisions of Factories Act.

34. Employees who are not meeting with any accident (zero accident) be identified and be rewarded periodically.

Arun: Well, that is a big list. Hopefully, utilization figures will change
if these suggestions are implemented.

De: The present level of utilisation indicates that there is scope for improving the performance using the available resources... even by using less of it.

Arun: If we discontinue the present system, it will have adverse impact on production. You must see casuals do 90% of the grinding work. You know the marking and cutting activities will come to halt if we discontinue the existing arrangements.

De: We should give more attention to increasing the utilization of existing employees to the optimum level before engaging additional manpower.

Satya: There is one logical reason why the supervisors are resisting discontinuation of the contract workers and casuals. They are able to command and order them. Also the permanent workers are also happy because they don’t have to exert much. So the present arrangement is okay for both the workmen and the supervisor.

Bharat: I heard that some influential persons have collected money from those casuals and contract workers offering them permanent employment.

Satya: I also received a few complaints that an officer has engaged his ‘bhai b hatejas’ in the company and he is under pressure from
influential group of workmen not to discontinue certain casuals.

De: I think the supervisors are more concerned about giving some work to somebody rather than achieving production targets / schedules. Thanks to the license raj... we survived even at 17% efficiency!

Satya: I think we need to increase the awareness of people at large. We will be making manpower utilization an element for goal-setting and will take it up in the review meetings and discussions.

Arun: Satya has listed production reporting, maintaining record and analysis etc. You all must understand one thing. If supervisors spend their time to do the paper work, who will look after production?

Avinash (Chief Executive) enters the room.

Gupta: I understand that there will be considerable resistance from the supervisory staff to introduce the system. If the present utilization is 17%, what worse can happen even if the supervisors are not there on the shop floor.

We need to take some corrective steps. Without accurate data and its analysis, we will not be in a position to take any decisions or implement them.
We have now two strategic options: (1) increase output (2) reduce input (manpower).

Avinash: In a period of recession, increasing sales or order booking is not possible. Then the second option is to reduce the manpower. How can this be achieved?

Satya: On the utilization front we have listed a few points for implementation and discussed the same. We are yet to discuss the problem of resistance to change. I have made a study of the problem and classified reasons for resistance. I have it as OHP slides.

The reasons for resistance can be classified into three:

1. Logical and Rational,
2. Psychological (emotional, values and attitudes)
3. Group interests:

1. Logical and Rational
   1.1 People require time to adjust to new systems/ people / situations
   1.2 The change may call for change in the working hours / timings
   1.3 The change may lead to less desirable working conditions.
      1.4 Change can also lead to economic costs or loss of special facilities and benefits.
      1.5 Change also sometimes change in the reporting levels and hence feasibility of the situation.

2. Psychological (emotional, values and attitudes)
2.1 Fear of the unknown in many cases causes psychological problems

2.2 Dislike for management or other change agent

2.3 Distrust for supervisors / management

2.4 Need for job security;

2.5 Desire to maintain for status quo.

Arun: If we cannot transfer a worker from one place to another, we cannot ask them to do work, as we want.

Satya: We should get their acceptance for things / decisions that will affect them. Then only the purpose can be achieved... otherwise they will spend time discovering ways of defeating your purpose... what happened in Vijay's case? What happened in Vasant's case. You may perhaps take a tough stand and that will end up in things which we don't want... a tool down... non-cooperation...

3. **Group interests**

3.1 Group coalition and affiliation

3.2 Opposing values of people of the new work group / department

3.3 Narrow out looks of the individual / perception about the future group.

3.4 Vested interests like money lending and trade union activities, etc.

3.5 Retain existing relationships.
Avinash: Care is to be taken by introducing change that bad do not become worse. It is to be done by increasing the supporting forces and by reducing the restraining forces. In the organisational set up, especially when it is in human relations, it has a time... "Things are likely to get worse before they get better". Satya, You said, you have prepared some guidelines for effecting such job changes.

Satya : Yes, we are just coming to that. I will just read it. We can debate it at the end so that each and every point can be properly thought about.

**Building support for change**

- **Communicate**
  - Change as impersonal requirement
  - Give justifiable reasons for change
  - Express high expectation of success.

**b. Ensure employees Participation**

- To encourage and motivate people to take part in the change process.
- To ensure that their needs are addressed and attended to.
- To ensure their security concerns are addressed and resolved.
- Manage group's dynamics - not to disturb the social system - never change with the motive of disturbing the social system.
c. **Work with a system**

- Make change by evolution not by revolution.
- Forecast possible effects / results.
- Care for human needs.
- Share benefit.
- Review and diagnose problems after change and treat them.

d. **Have a positive approach to change.**

- Resistance is logical - It is based on tune of a different drummer.
- Resistance have positive effects.
- Resistance helps in recreation of proposals, identify problem areas, information about employee reactions, and emotional release for employees.

Satya: The real problem facing us is that as there are different levels of skills work that can fit into one’s r skill may not exist all the time leading to under-utilization. Engaging them on work requiring higher skills can lead to defects and repairs. Hence there is a need to retrain and re-deploy them.

Avinash: We go with an alternative strategy as well. Firstly, we try to modify the values and help them achieve the corporate goals. Simultaneously, as a second strategy, recruit people with required value system and engage them.
So as Satya said in one of the previous sessions, let us identify the man-power requirements of the future, and to fill the gap either through training and development or by recruitment.

Arun: We are telling them every now and then about market conditions and the need for improvement. You know what is their reply?
Avinash: So if they were good when we engaged them, and if now they are not good, are we not responsible? We forced them to grow to this level of inefficiency and arrogance...

Satya: We have cases where trainees were supervising shifts... and where the number of accidents was low; rejection rate low and other morale related problems like grievances and complaints were low. So the issue is our getting accepted as a role model, demonstrate personal integrity, commitment and dedication for the company's job.
Gupta: The other day, a supervisor was complaining against workmen for his disobedience. The supervisor himself don't follow the schedules, work instructions, fabricate production reports, selectively avoid reporting rejects, mistakes, accidents, and negligence. You see the workmen are watching all these. So "stop eating sugar before you advise others to stop".
Arun: You know the supervisors often sit late and they don't go home before 4 O' clock. So if they break for 5 - 10 minutes that should be permitted.
Avinash: The issue is not 5-10 minutes. The issue is moral right and credibility to make people accept taking responsibilities... the issue is exemplary behaviour for the workers to follow... One message we should have very clear in our mind is that we all attempt to achieve employment security for our people; we may not be in a position to provide security of the job as exactly they are doing now. The employment security can only be achieved by making structural adjustments wherever required.

Satya: The issue of optimisation of manpower utilization and arriving at the optimum size of the department and the organisation at large will have to be included in the agenda of quarterly review meeting.

Avinash: The newborn cry because he does not like the changed environment. Every change brings new problems for the persons who undergo it. If you master the art, you are successful. If not you have got to fail. We do not advocate change for the sake of it. But at the same time your inability to change when it is needed can fail you.

The suggestion is to carry out monthly performance review department-wise and employee wise. Do you think that it is necessary to measure in that detail to improve efficiency and effectiveness? And secondly whether it is very difficult to do so?

Arun: As far as we are concerned review of jobs will be carried out.
But when it comes to measurement of output and utilization, it is next to impossible.

Avinash: Arun, you will agree that the measurement as suggested will help in identifying problems and we can analyse them more systematically. And that can lead to better solutions for the problems we face. This can help in improvements in the work place. If we remain with 17% utilization and with uncertain sales volumes, I don't know where we will reach.

Satya: Once a system is in place, things will improve. For example, in Machine Shop area we had the problem of fake accidents. They started keeping a register there with employee wise folios. This means that they are aware that they are under observation and there are records... and that supervisors may question them.. Things improved... accident rate in component production reduced by more than 85% over the previous year.

Vivek: Last time when we published accident information on notice board there was reduction in accident rate. The question is whether we want to do our work as supervisors and managers. There was resistance initially. I told them accidents are not acceptable. I personally called and talked to many of them - an appeal to intellect and conscience - and they agreed that accidents are unwelcome. The results are clear.
Avinash: Can we conclude that we will have (1) weekly review of jobs under execution, (2) monthly review of performance against set objectives (3) quarterly review of utilization of available manpower (4) these will be incorporated into the system?

XYZ Limited

Table – 9.1.1 Category-wise Manpower

<table>
<thead>
<tr>
<th>Year</th>
<th>Regular</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>340</td>
<td>85</td>
<td>425</td>
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<td>1995-96</td>
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<td>400</td>
</tr>
<tr>
<td>1996-97</td>
<td>315</td>
<td>60</td>
<td>375</td>
</tr>
<tr>
<td>1997-98</td>
<td>300</td>
<td>35</td>
<td>335</td>
</tr>
<tr>
<td>1998-99</td>
<td>290</td>
<td>15</td>
<td>305</td>
</tr>
</tbody>
</table>

Note: Considering an average compensation of Rs. 8500/- the company would have been spending Rs. 51,00,000 on regular employees and Rs. 12,60,000/- on other categories every year.
TIME BASED COMPETITION - A CASE STUDY

"Ah! I feel greatly relieved. This year we achieved a higher turnover over the previous year. The increase in volume is reasonable. But what is discouraging is the amount we paid this year as late delivery penalties. Our work has no meaning if we have to pay huge penalty like this. We should do something about this. It is good that we have been able to increase production volumes. Now we should bring the delay in deliveries under control. These were the words of Avinash Patel, 50-year-old CEO of 10 Crore XYZ Ltd. as he initiated discussions during a meeting of Management Review on a Saturday afternoon.

Management Review Meeting
Date : 15, April 1995.
Venue : XYZ’s Corporate Office.
Presents :
Avinash Patel: Chief Executive
Arun : Manager (Marketing & Engineering)
Prashant : Manager (Planning)
Bharat : Manager (Production)
Vinod : Manager (Purchase)
Vishal : Manager (Finance)
Satya : Manager (Human Resources)
Gupta : Manager (QA)
Satya : Manager (HR)
Avinash: Gentleman, the busy schedule of March is over. I feel a bit relaxed. I hope you will also be feeling so. We have been able to achieve our production targets for the year 1994-95. Market situation is not very encouraging. Since reduction of customs duty in the central budget, we have faced considerable amount of competition from foreign players. We should now tighten up our belts and become ready to face the challenges that are emerging. Arun will give you more information about the present market scenario.

Arun: Our order booking is low as compared to the previous years. Orders pending for execution is only 33 lacs. Bharat told me that the production shop is under-loaded and our capacities are under-utilized. I think all of us should focus on reducing the lead-times. Secondly, we should reduce our expenses and reduce our sales price....

Bhatat: Arun, you must appreciate one thing. In production, there are certain operations that you must do... and you cannot get away without doing it. Marking, cutting welding, grinding, machining, assembly... every operation will take its own time. On top of that the third party inspectors... they are supernaturals. You know, when we analysed the reason for delay for job number 1794, we found that we lost 37 days waiting for inspectors during different stages of the job.

Arun: Good, delay is obvious. Before we get into the pros and cons, let me complete what I was saying. You will be surprised to note that some small units are delivering equipment in one-month time against
our six months lead-time. They also have to undergo the same process. On the price front, we are higher by 25 per cent as compared to our nearest competitors. A Korean company booked order from one of our major customers for a price that is 26% less than what we quoted. Under these circumstances, I would urge you to come forward with new delivery lead-time and prices.

Gupta : I want to know one thing from Bharat. During last December, we all met and decided to have monthly meeting with workmen. Twice we met. I do not know if you have conducted a third one. Why it was stopped? When you are discontinuing a system, should it not be informed? After all, why? The workmen were in favour of it. We could reduce repairs to the tune of 70% according to Quality Control records.

Bharat: We have not stopped monthly meeting.

Gupta: Bharat, let me complete what I was saying. With third party inspectors, yes there is considerable delay. And this delay is not acceptable at all. There is reason behind this. They find errors, in stages offered so they have to check all details. They cannot allow you to go ahead without their clearance. After all they are also accountable to the customer.
We need to win the confidence of the third party inspectors. i.e., the stages or products that we offer to them should be free from defects. Our workmen can check stages and to be verified by the supervisor. If supervisors cannot take responsibility for the work, which workers do under their supervision, how can third party inspectors take responsibility?

Satya: The problem that is happening with our system is that people are not involved. They are not invited to participate. We regard workers as irresponsible children. Many of our supervisors think that they are not intelligent, they cannot learn, they will not improve, etc. This mindset needs to change. In the course of our time management workshops we collected a lot of information from our employees as to what we should do to improve deliveries.

Sharma: That is fine. What I am saying is how do we compete with the small and medium type players whose lead-time is less.

Satya: Well, with the small players, the levels of hierarchy is too less. Decision-making is faster. They may work any number of shifts or hours without any problem. They may work more hours than permitted. They may pay less compensation than what we pay.

Arun: You must know one thing – If you want quality, there cannot be any further improvement on time. This much time is required.
Avinash: Yes, Arun is correct. If you change the process, it can affect quality adversely.

Sharma: There must be a lot of activities, which can go parallel. Certain activities may not be required to be done.

Vinod: I agree that there are a few cases where I have not been able to supply raw material on time. There are problems; how could I bring material when I am not able to commit to our suppliers as to when I am going to pay them. Some of our good vendors are not quoting today. I have to depend upon suppliers from distant places. Since we do not pay on time, they are charging us extra. In addition the transportation cost. This turns out to be disadvantageous on two fronts: time and cost.

Vishal: Yes, it makes sense... when shipments are not taking place as planned where from I can get money. Bankers demand order booking, inventory and production plan before they sanction loans. They argue that as we have not completed production, as per schedules given earlier, it is very difficult to believe that whatever commitment we make will be fulfilled. They ask higher margin money for bank guarantees. We must do something to ensure that things should happen as per plans. The delay is taxing us. You must learn that loans are not coming free. We have to pay interest. It will have adverse effect on our pricing, our price competitiveness, and our bottom-lines as well. I am sure you are all aware about it.
Avinash: I think we should focus our attention on what we can do now to correct the situation. All of us are aware of the implications of delay.

Satya: In my analysis this cannot be improved without total involvement. Unlike in the past, people are exposed to more information of what is happening around them. As far as we are concerned, we have reached a level where a few more rupees cannot motivate people, as their incomes are higher than required to meet their basic needs.

We need to involve people emotionally and intellectually. This is possible only if we educate and empower them. And this calls for sharing information, making them participate in the organisation development activities, empowering them to gain mastery in their job, allowing them to be autonomous, and grow in line with the needs of the organisation. These are definitely higher order needs. I am confident that our people can achieve this...

I have recently conducted a training program on time management. And we made an action plan for improving our competitiveness of the delivery front. I have got the suggestions given by the participants and I think it is worth considering them for implementation.
Avinash: Satya, why not read it out for all of us.

Satya: Suggestions made by participants to achieve timely deliveries
1. Identify process time for various activities and set date / time targets.
3. Set target date for completion of departmental activities.
4. Target for quality shipment.
5. Introduce incentives / reward system.
6. Allocation of man, machine, instrument etc. to be properly done so as to avoid last minute hassles and overtime.
7. Performance appraisal / reward on the basis of actual performance.
8. Establishing accountability for delay / defects.
9. Rewarding the teams who execute jobs that exceed requirements.
10. Kick off meeting for discussing job time.
11. Planning Department to start micro level job planning with guidelines to concerned departments.
12. Commitments given by each department should be individually monitored.
13. Production planning should be done considering availability of manpower and Machine loading chart.
14. To plan for achieving "F.T.R." (First Time Right)
15. Sales Contract should be made such that delivery quoted shall be applicable from the date of receipt of approved drawing.
16. Purchased Orders should be screened for all required information and details.
17. Manufacturing designs / drawings to have detailed specification and full details.
18. To estimate genuine cost and quote competitive price.
19. To quote proper lead-time, with "Bonus Clause"
20. Revisions should be informed to shop floor quickly.
21. Give adequate information to planning and purchase depts.
22. Weekly review of progress of each job by the team.
23. Deploy skilled staff in order to prepare designs in short time.
24. Conduct a job-closing meeting to review problems faced during execution and take appropriate preventive actions in future.
25. Purchase department should take proper steps to develop good vendors.
26. Consider Customer Desired Delivery while ordering raw material
27. Delivery schedule should be specific date.
28. Improve procurements of long lead-time items.
29. Vendors with high Rejection / defect rate should be de-listed.
30. Incorporate penalty clause in purchase orders for default in delivery.
31. Priority wise shop planning.
32. Production plans and schedules should be maintained.
33. Supervisor should be present at each and every job.
34. Workers should be present at their work place.
35. Problems should be reported on time.
36. Periodical maintenance of all machines.
37. "X-RAY" / Gama testing facilities to be made available on time.
38. Latest chemical testing facilities to be made available in house.
39. Co-operation of inspection dept. with production dept. is necessary
40. Material / Tools should be available as per job requirement.
41. Material should reach concerned dept. with issue slip.
42. Storage and preservation of material / Tools to be proper.
43. To reduce dead inventory.
44. Developing team spirit for success and to lead market.
45. Training for workmen on their jobs.
46. Communication gaps should be avoided.
47. Monthly meeting of management with workmen.

Avinash: I am sure it is complete. If we implement them, we will have no problem in timely delivery. Can we say yes?

Satya: There are some suggestions, which involves financial expenditure.
Gupta: Testing facilities and in-house x-ray facilities we may not be in a position to have this year.

Avinash: There may be few items, which will require a change in our existing policies and procedure. Satya, you may list those items so that we can think what can be done on those issues.

**Strengths**

- Capacity and capability high
- Reputation for quality.
- Sound Asset base
- Skilled and Experienced manpower
- Potential of workforce high and can be tapped

**Weakness**

- Lack sense of accountability.
- Low level of involvement & participation
- Affiliation motivation high achievement motivation low
- Theory X approach by supervisors, low encouragement
- Lower utilization resulting in high cost of production
- Working Capital problems.

**Opportunities**

- Scope for improvement in deliveries exists.
- Utilization of untapped potential and capacities to improve productivity and cost effectiveness.
- High repair and rework rate can be easily cut down.
- Use of computers in quality planning and scheduling man, machine, material, instrument linkages.

**Threats**

- Delivery lead-time can adversely affect volumes as well as cost and pose threat to survival.
- Increasing competition from giant foreign players...and their strategic
- Pricing to kill local markets.
- Cost of Poor Quality adversely affect price competitiveness and survival
- Low participation / involvement can worsen industrial relations later.
- Good work not recognized can lead to low motivation and low morale
- Supervisors’ attitude if not changed can adversely affect productivity and industrial relations.
- Delayed payment can affect timely supply of inputs.
- Financial problems – bankers may refuse to give loans on existing terms.
XYZ Limited

Table – 9.2.1: Sales Performance of the Company

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Rs. Lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>1000</td>
</tr>
<tr>
<td>1995-96</td>
<td>1260</td>
</tr>
<tr>
<td>1996-97</td>
<td>1400</td>
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<tr>
<td>1997-98</td>
<td>1100</td>
</tr>
<tr>
<td>1998-99</td>
<td>1300</td>
</tr>
</tbody>
</table>
Table 9.2.2 Process time for execution of projects

<table>
<thead>
<tr>
<th>Year</th>
<th>Execution Time (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>250</td>
</tr>
<tr>
<td>1995-96</td>
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<tr>
<td>1996-97</td>
<td>180</td>
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<tr>
<td>1997-98</td>
<td>150</td>
</tr>
<tr>
<td>1998-99</td>
<td>130</td>
</tr>
</tbody>
</table>

(figures are averages for the year)
<table>
<thead>
<tr>
<th>Year</th>
<th>Delay (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>360</td>
</tr>
<tr>
<td>1995-96</td>
<td>330</td>
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<tr>
<td>1996-97</td>
<td>310</td>
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<tr>
<td>1997-98</td>
<td>120</td>
</tr>
<tr>
<td>1998-99</td>
<td>30</td>
</tr>
</tbody>
</table>

(figures are averages for the year)

Note: Delay is over and above the committed delivery date. In most cases it attracts penalty for delayed delivery / completion / commissioning.
PROFIT THROUGH PARTICIPATION - A CASE STUDY

"Hell! About thirty percent of the works done by our welders are getting rejected. They are qualified and experienced. This trend is really disturbing. When we want to execute orders, rejection rate is going up more than proportionate. I am finding it difficult to come out of this menace." a depressed Avinash Patel, 50 year old Chief Executive of 10 crores XYZ Ltd. remarked as he opened the discussions in a meeting called to review quality.

Date : December 1994.
Presents : Avinash Patel: (CEO)
Arun : Works Manager
Prashant : Manager (Planning)
Satya : Manager (Human Resources)
Gupta : Manager (QA)

Avinash: Gentlemen, we have spent enough time splitting our hair over the rejection / repair issue. Radiography records from Quality Control are really disturbing. Arun, can you brief us about the
outcome of last week's meeting with welders.

Arun: Out of 43 welders 37 are qualified under various procedures by different agencies and there is no reason why the rejection rate is increasing. Satya and myself discussed this issue initially with the supervisors. The supervisors opine that the welders are not taking adequate care. Later we called all the welders in groups and asked them to give their suggestions for (1) improving quality and for (2) increasing output. Satya has prepared a list of their suggestions.

Satya: First of all, let me tell you about the methodology we adopted. We explained them the problems and the need for improvement. They agreed that there is scope for improvement in quality. Later we divided them into groups of 5 persons selected from different process areas / sections. A group was given 45 minutes to discuss the problem. Group members were asked to jot down the points discussed. Later we interchanged the members. They discussed the same problem and prospects in the rearranged group. This was done to exchange ideas and create awareness across all members. The second group selected one person as their group leader and he was asked to make presentation of the points discussed in the group. I have edited them, deleted the duplicate points and grouped the suggestions.
1. Welders giving zero defect result should be given special rewards.
2. Based on quality and output incentives should be introduced.
3. Welders doing multiple jobs are given special incentive.
4. Workers should be involved in the problem identification and solution search activities so that they cooperate whole-heartedly in its implementation.
5. Detailed feedback on rejection and reasons to be explained to welders on a day-to-day basis.
6. Corrective actions should be communicated to workmen / supervisors so that they gain awareness.
7. Proper communication/feedback, relating quality aspects and quality awareness.
8. Start quality circle for awareness of workers and quality improvement.
9. Groups and teams to be formed to discuss quality problems.
10. Weekly / Monthly meetings with effective workers and implementing their suggestions.
11. Regular meetings / open houses to be organized to improve communication and to remove psychological blocks.
12. Work efficiency chart should be prepared and to be displayed on ‘notice-board.’
13. Periodic open house to be organized and information regarding
production / quality / financial performance to be shared with all employees.

14 All supervisors should whole-heartedly participate in meetings relating to quality / productivity / discipline.

15 Form groups / teams to discuss problems and to find out quality solutions.

16 Counselling to reduce absenteeism.

17 Work loading should be as per qualifications.

18 Maximum use of automatic welding.

19 Quality Assurance Plan to be explained to the concerned workmen by supervisors.

20 Prepare work instructions for cutting activities like "V" and "Back chip" preparation.

21 Welding machines should be maintained and procedure for periodic maintenance should be included in the procedure manual.

22 Installation of welding machines in fixed places.

23 One welder will complete welding of a single joint, even if he may have to stay overtime.

24 Portable oven to be provided to all welders.

25 Welders should check the set up and do stage inspection.

26 Each welder should punch his welder code no. near the joint which he welded.
27 Proper earthing should be provided for safety on all welding machine.

28 Unused part of electrode to be deposited with stores.

29 Supervisors should be aware of welding techniques.

30 To create / generate killing instinct / spirit for success.

31 Training to supervisors and workers for change in their attitude.

32 Helpers to be trained for welding work so that in absence of welders they can work as welders.

Satya: One eye opener for all of us is that the 32 suggestions only show lack of right initiatives from our side. 13 suggestions talk about the need for having a better communication / feedback system, another 10 items are for the right process. Four suggestions are for having better training. Three for a reward system based on skill / performance / output and quality and two for improvement in planning process.

Avinash: So our assumption that defects is the responsibility of the worker is not correct. We need to do our part of the job before we blame others.

Satya: We have started our part. As we have got the problems identified and suggestions ready for implementation, we have made the right beginning.
We need to focus on a few more issues: No. 1, the amount we are spending on account of repairs and rework is increasing. This is partly in the areas of the new products we have introduced. But our operators are so experienced that they should be in a position to produce quality in the first instant. No. 2, we are not collecting and analysing data about quality and productivity. I am sure if we can do this and share information with the operators, things will improve....

Gupta: Records of repairs are available. Whoever wants to have it, I can show them.

Satya: My point is those who are producing should have the interest to know how well they are doing. Identify defects and try to analyse them for causes and take timely and preventive actions so that the same defect is not repeated. If records remain in our file, how things will improve?

Let me complete what I was saying... our overtime figures are very high as compared to industry average. It is a plain truth that if an operator is made to work overtime on a day, he will take leave on the next day, which again creates the need for keeping one more person on overtime. On the one hand it reduces efficiency while it increases our expenditure. We need to find an answer to this. If we make our people work for at least 7 hours a day, I do not think there will be any
problem is achieving the production plan. This is what the Workmen Representatives have agreed to in the settlement. People delay work... so we give them overtime as a motivation... we are rewarding people for non-performance. We do not have data... I mean concrete information about who did what and when.

Avinash: Let us come to some concrete points. Every one of us has some reason or excuse for not doing or not being able to perform. The question here is what we should do for the future.

Satya: First of all, welders do not know how well they are doing. Reports are not analysed and causes of defects and their corrective actions are not communicated to them. Though they are aware about problems, their causes and solutions, since they are not involved in the process of improving the quality, they do not own success or failure. The suggestions that come up in the meeting give an opportunity to involve welders and empower them. I am in favour of adopting them. There are a few supervisors who think that these workers are not intelligent enough to understand quality problems. This is a block in the empowerment process.

Arun: The time loss due to review meeting with workmen will only be marginal. In fact we are spending more time on repairing.

Gupta: Additionally, I suggest that the welders should be required to do the set up checking and stage inspection. The supervisor can recheck this and checking by inspection engineer can be eliminated.
Avinash: Yes, I think the above said points can be accepted for implementation. Arun may talk to the supervisors, and, if necessary think about sending them for training program. Inspection by workmen themselves will be useful as it eliminates of a non-value adding activity...

Gupta: Elimination of the activity is fine. But who will take the responsibility for quality?

Avinash: Mr. Gupta, definitely you are accountable... to the customers. At the same time, people who are producing are also responsible. If they start checking their work, they will become aware about the deviations and will be careful in future. All the more they will take positive care while working so that the same defect is not repeated. I think we can start with the suggestions...

Prashant: Last week only two of the jobs got delayed due to absence of grinders. On Monday last out of 7 grinders only 3 were present and they refused to stay overtime. The jobs reached such a crucial stage that if any activity gets delayed for one day, whole shipment plan will change. We must do something about this...

Avinash: Tell me what do you propose.

Arun: For a factory of our size, we need to have four more grinders to be able to cope up with our needs. I talked about this with Satya and he rejects the idea. He wants me to train all the helpers for grinding work.
Satya: Prashant, we need to understand one thing... If some workmen take leave, we cannot recruit new ones. People will remain absent for very many reasons. What is important is to make them realize that their presence matters than creating 'hangama' (noise) when they are absent. If we train a few helpers to do grinding, it is going to benefit the organisation. It will be beneficial for the helpers also since they are increasing their value.

Avinash: If a group of workmen is not cooperating, the answer is not recruitment.

Arun: Satya, we need to be practical.

Satya: The points raised in the meeting will help us to solve the problem in a practical way. No organisation can afford to solve discipline problems by recruitment. I have one suggestion. We need to review this process itself for some more time. Can we meet every first Friday at 4.00 p.m. to share our views, information and to decide future plans. We will take up the training issue for Helpers in the next works committee meeting, if Arun is agreeable. I am optimistic about it. Without adding more numbers we will be able to get the work done by the existing people.

Arun: The moment you start talking about grinding work, they will demand for up-gradation and higher salary.

Satya: Even if we recruit grinders from outside, we need to pay them. It should not be a problem if we upgrade some of the helpers. That will
boost the morale of the workmen.

I would like to add a few more things. We have now four students of Welding Technology undergoing industrial training. I have given them assignment to write down work instructions, which we could give to welders as a reference document.

Secondly, I strongly feel that at least every month we should hold problem-solving sessions and we should not shy away from confronting problems. This will not only solve our problems but also will help in improving the effectiveness of our supervisors. And one by one, the suggestions that are put forward can be implemented.

Avinash: That is good. I feel it should be ok. You may discuss and reach an acceptable solution keeping in mind two things: 1) cost to the organisation and (2) satisfaction of the employees. You may take it up in the next works committee meeting. The points that Satya presented can be accepted for implementation. Since it has the sanction of the people on the shop floor, there will not be any problem in its acceptance.
Table 9.3.1: Defect Reduction through quality improvement initiatives

(Defect in Nos.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Components (in-house production)</th>
<th>Welding (in process)</th>
<th>Bought out (purchase)</th>
<th>Subcontract</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>183</td>
<td>307</td>
<td>182</td>
<td>151</td>
</tr>
<tr>
<td>1995-96</td>
<td>172</td>
<td>272</td>
<td>131</td>
<td>137</td>
</tr>
<tr>
<td>1996-97</td>
<td>161</td>
<td>123</td>
<td>92</td>
<td>116</td>
</tr>
<tr>
<td>1997-98</td>
<td>110</td>
<td>87</td>
<td>47</td>
<td>87</td>
</tr>
<tr>
<td>1998-99</td>
<td>24</td>
<td>44</td>
<td>32</td>
<td>53</td>
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</table>
Table 9.3.2: Defect Reduction through quality improvement initiatives

<table>
<thead>
<tr>
<th>Year</th>
<th>Components (in-house production)</th>
<th>Welding (in-process)</th>
<th>Bought out (Purchase)</th>
<th>Subcontract</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>18</td>
<td>30</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>1995-96</td>
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</tr>
<tr>
<td>1998-99</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>5</td>
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</table>
Table – 9.3.3 Reduction in Cost of Poor Quality

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost per Unit</th>
<th>Components</th>
<th>Welding</th>
<th>Bought out</th>
<th>Sub-contract</th>
<th>Cost to the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>300</td>
<td>54900</td>
<td>92100</td>
<td>54600</td>
<td>45300</td>
<td>246900</td>
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<tr>
<td>1995-96</td>
<td>350</td>
<td>60200</td>
<td>95200</td>
<td>45850</td>
<td>47950</td>
<td>249200</td>
</tr>
<tr>
<td>1996-97</td>
<td>400</td>
<td>64400</td>
<td>34800</td>
<td>36800</td>
<td>46400</td>
<td>182400</td>
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<tr>
<td>1997-98</td>
<td>450</td>
<td>49500</td>
<td>39150</td>
<td>21150</td>
<td>39150</td>
<td>148950</td>
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<tr>
<td>1998-99</td>
<td>500</td>
<td>12000</td>
<td>22000</td>
<td>16000</td>
<td>26500</td>
<td>62100</td>
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</table>

Considering the defect rate of 1994-95 at present cost savings on account of reduction in CoPQ is Rs. 4,11,500
Table 9.3.4 Financial Performance of the company

<table>
<thead>
<tr>
<th>Year</th>
<th>Net profit (Rs. lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>(115)</td>
</tr>
<tr>
<td>1995-96</td>
<td>(56)</td>
</tr>
<tr>
<td>1996-97</td>
<td>14</td>
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<tr>
<td>1997-98</td>
<td>5</td>
</tr>
<tr>
<td>1998-99</td>
<td>15</td>
</tr>
</tbody>
</table>

(Figures in bracket show loss).