Chapter IV

Performance and Managerial Structure of Automobile Industry

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Chapter IV

Performance and Managerial Structure of Automobile Industry

This chapter deals with the Performance and Managerial structure of Automobile Industry is also consists of Principles of Management & functions of management. In this chapter the information regarding approaches to management as well as managerial leadership styles and its functions and qualities has been presented. As the managerial structure of industry is based on management theories, hence the information is analyzed in a systematic way. In the light of various foresaid theories the profiles of chosen Automobile Industries (OEMs) and chosen auto components industries have been examined.

4.1 Preface

The industrial revolution brought about radical changes in the methods and techniques of production and distribution. Joint stock enterprises provided an ideal form of business organization to deal with production and mass distribution. Company organization required management by experts and gradually management assumed as professional character. Henry Fayol, considered the father of modern theory and industrial management. Fayol analyzed the process of management as he has observed it by his own experiment. Fayol established the pattern of modern management. Fayol’s grouping of activities approximately tallied with the analysis of managerial role and responsibilities. The managerial structure of industries signifies the success / failure of the industry. He divided general and industrial management in to six groups as;

i. Technical activities
ii. Commercial activities
iii. Financial activities
iv. Security activities
v. Accounting activities
vi. Managerial activities
Thus the industry’s highly demanded part is best managers who can run organization with control, coordinate, command, with a vision of planning. Therefore the aspect of managerial ability and structure is essential to keep up the identity of auto industries.

Management is the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplishes selected aims. Management is defined as below;

* Management applies to any kind of organization
* It applies to managers at all organizational levels
* The aim of all managers is the same to create a surplus.
* Managing is concerned with productivity, this implies effectiveness and efficiency.

4.2 Principles of Management

Henry Fayol a French industrialist in his famous book “General and Industrial Management” described number of management principles. In his opinion principle of management is simply something seen as fundamental. Some principles prescribe certain activities as conditions. These principles constitute the theory of management or administration of organization. These principles are given below;

1) **Principle of Authority:** - This principle provides the right to managers to give orders, the right to command under certain authority. The authority is always stick-up with responsibilities. The authority and responsibility are the two sides of the management both exist to gather. Acceptance of authority implies acceptance of responsibility for the assigned work.

2) **Unity of Command:** - Each member of an organization must receive orders or instructions only from one superior. Multiple bosses or superiors will lead to divided responsibility.

3) **Division of Work:** - Division of work alone can give maximum productivity and efficiency. Every industry / organization performs its work in the light of division of work. Division of work leads to perform the task efficiently and timely.
4) **Discipline:** - It is set procedure in an organization that the rules, regulation policy and procedure is to be honored. Discipline demand good and committed supervisors at all levels in the management.

5) **Unity of Direction:** - All members of an organization must work together to accomplish common objectives. These efforts shall be directed towards on common super goal. The concept is in general the industry has one goal, one head and one plan to achieve.

6) **Emphasis on Subordinates’ common interest:** - The logic behind this principle is cooperation. Each shall work for all. Common interest must be supreme in any joint enterprise. Personal interest may damage the organizational aim.

7) **Principle of Centralization:** - The managers shall be cautious to keep good balance between centralization and decentralization practice of authority and power. The management must avoid use of extreme centralization and decentralization. The modern trend emphasizes decentralization.

8) **Principle of Scalar Chain:** - The unity of command brings about a chain of hierarchy of command. The chain links up all members of the organization from top to bottom. Scalar principle denotes the steps of management according to hierarchy of staff.

9) **Principle of Order:** - According to Fayol there is a place for everyone who occupies according to their status or authority. Order synchronizes a system of working of efficient management. Order brings ecology in management. Disorder can leads to chaos and confusion.

10) **Principle of Equity:** - The employees or staffs working in an organization are human being. The organization should apply the principle of equity. Basic facilities and kindness based on predetermined customs. Equal treatment and opportunity should be on priority basis to human resource working for the organization.

11) **Remuneration:** - The best incentive or motivation for good performance should be the policy of every organization. Financial disparity in practice leads to
resentment feeling among employees. Sound positive policy of remuneration includes adequate financial and non-financial incentives.

12) **Stability of Tenure:** - The employees needs time to adjust their self with new work. They needs time to demonstrate efficiency in due course. Hence managers and employees must have job security, security of income and employment is a requisite of sound organization and its successful management.

13) **Principle of Initiative:** - A sound managerial planning can give the scope for creativity and creative thinking and execution of predetermined plans. Creativity springs from curiosity and imagination. Initiative character of employees can open new avenues for them.

14) **Espirit – de – corps:** - Spirit of cooperation is the base of a sound organization. In industrial management collective responsibility leads to fulfill the demand of cooperation. Pride, loyalty, sense of belonging contributes for best performance quality.

The managers today have to encourage communication, guide their employees to secure optimum output. An ideal managerial structure will constitute best rank of productive auto industry in the competitive market.

### 4.3 Functions of Management

Management is helpful to break it down in to five managerial functions. It provides a useful framework for organizing the management.

**Planning:** - Planning involves selecting mission & objectives and the actions to achieve them. It requires decision making that is choosing future course of action from among alternatives.

**Organizing:** - People working together in groups to achieve some goals must have roles to play. These roles are developed themselves are either accidental or haphazard or defined as structured by someone who wants that people contribute in a specific way to group effort. Organizing them is a part of managing that involves establishing an intentional structure of roles for people to play in an organization.
The purpose of an organization structure is to help in creating an environment for human performance. Although the structure must define the task to be done, the roles so established must also be designed in the light of the abilities and motivation of the people available. Designing an effective organization structure is not an easy managerial task.

**Staffing:** - Staffing involves filling and keeping filled, the position in organization structure. This is done by identifying workforce requirements, inventorying the people available and recruiting, selecting, placing, prompting, appraising, planning the career, compensating and training the candidates and current job holders to accomplish the task effectively and efficiently.

**Controlling:** - Controlling is the measuring, examining and correlating the activities of subordinates to ensure the events conform to plans. The authority measures the performance and efforts made by the staff controlling identifies negative deviations if so, and correct the deviations. Though planning must precede controlling, plans guide managers in the use of resources to accomplish the set goals. Thus outcomes are controlled by controlling what the staffs do.

**Coordination:**- Coordination focus the working style of the managers. Coordination is the essence of managership. The thinkers consider coordination is a separate function of the manager. Managerial efforts for achieving harmony among individual efforts towards the accomplishment of group goals. Each of the managerial function is an exercise contributing to coordinate all activities of the subordinate staff to run the organization in a smooth manner and to achieve decided goals.

### 4.4 Approaches to Management

Academic writers, theorists and practitioners of early fifties have contributed notably to the study of management. According to them variety of approaches to the management analysis have been introduced, which are still being used as the best practice in the management field. Various approaches to the analysis of management are summarized as;

1) **Empirical or Case Approach:** - It contributes studies experience through cases, Identifies success and failures.
2) **Interpersonal Behavior Approach**: - Main characteristics of this approach is focus on interpersonal behavior, human relations leadership and motivation based on individual psychology.

3) **Group Behavior Approach**: - The emphasis on behavior of people in groups. Based on sociology and social psychology. Primarily study of group behavior patterns. The study of large groups is often called “Organization Behavior”.

4) **Social System (Cooperative) Approach**: - This approach is concerned with both interpersonal and group behavioral aspects leading to a system of cooperation. The concept includes any cooperative group with a clear purpose.

5) **Decision Theory Approach**: - It indicates the focus on the making of decisions, persons or groups making decisions, and the decision-making process. The boundaries of study are no longer defined.

6) **System Approach**: - In this approach system concepts have broad applicability. Systems have limitations but they also interact with the external environment; means organizations are open systems. Organizing and controlling in an organization as well as many sub systems are related with this approach.

7) **Mathematical or Management Science Approach**: - This concept contributes that managing is seen as mathematical process, concepts, symbols and models. It seems that management as a purely logical process explained in mathematical symbols and relationship thereof.

8) **Contingency or Situational Approach**: - The situational approach indicates managerial practice depends upon circumstances. Contingency theory recognizes the influence of given solutions.

9) **Managerial Roles Approach**: - Original study consists of observation of five chief executives. On the basis of this study Ten managerial roles were identified and grouped in to 1- Interpersonal 2- Informational 3- Decision Roles.

10) **M’kinzy’s – “7-S” Frame work**: - In order to make managerial approach strengthen M’kinsey’s 7-S principles can support the approach in a well manner. These are (1) Strategy (2) Structure (3) Systems (4) Styles (5) Staffs (6) Shared Values (7) Skills.
11) **Operational Approach:** - In this approach the things draws together concepts, principles, techniques and knowledge from other fields and managerial approaches. The attempt is to develop science and theory with practical application. The approach distinguishes between managerial and non-managerial knowledge, develops classification system built around the managerial function like Planning, Organizing, Staffing, Leading and Controlling through which a successful organization is known by the manager.

### 4.5 Managerial Leadership in Auto Industries

Leadership is indispensable for the successful functioning of an organization and attainment of its goals and objectives. Keith Davis observed “without leadership it is difficult to run the organization successfully. Leadership transforms potential into reality. It is ultimate act which brings to success all the potential that is an organization and its people”.

- Keith Davis says Leadership is the ability to persuade others to seek defined objectives.
- To Koontz and O’Donnell – Leadership is the activity to persuading people to cooperate in the achievement of common industrial objectives.
- To George Terry – Leadership is the activity of influencing people to strive willingly for mutual objectives.
- Mooney defined it is the form that authority assumes when it enters into process.
- Ms. Mery Parker Follet distinguished between the following three types of leaderships.
  
  i) Leadership of position, that is the leader holds a position of formal authority.
  
  ii) Leadership of personality, that is the leader holds forceful personal qualities.
  
  iii) Leadership of function, that is the leader holds both position and personality.
Leadership Styles: - The supervision of subordinates is known as leadership style. There are three basic styles of leadership:

I) **Autocratic Style:** - This style of leadership is known as authoritative or directive style of leadership. In this style the entire authority is concentrated in the hands of the leader. Leader decides all policies. He / she gives orders to subordinates and demands complete obedience from them.

![Figure No. 4.5.1](image1)

L – Leader
S - Subordinate

II) **Democratic Style:** - Democratic style known as participative style of leadership. In this style, the leadership allows the subordinates to participate in the decision making process. All policies and decisions are arrived at through such group discussions. The organizational communication flows freely and multi directionally. During the human relation era this style became popular. This style is popular in automobile industry.

![Figure No. 4.5.2](image2)

L – Leader
S - Subordinate

III) **Laissez Faire style:** - this style of leadership is known as “Free rein style” of leadership. The leader in this style gives complete independence to the...
subordinates in their set operation. He or she allows them to set their own goals and achieve them according to organization’s planning. This style involves complete freedom for group or individual decision with no minimum participation of the leader. Laissez Faire style in short means the leader holds rein of control but exercises it freely.

![Diagram of leader and subordinate relationship]

L – Leader
S - Subordinate

Figure No. 4.5.3

4.6 Leadership Functions

According to Philip Selznick the functions of organizational leadership includes the following-

i. The definition of institutional mission and role, that is, setting organizational goals and formulating policies.

ii. The institutional embodiment of purpose, that is helping the meaning of policy to percolate down the lower levels of the organization.

iii. The defense of institutional integrity, that is, maintaining the core values and distinctive identity of the organization.

iv. The ordering of internal conflict, that is, maintaining balance of power among competing interest of the organizations.

Hicks and Gullet – identified the following eight functions of a leader.

i. Supplying organizational objectives to the members.

ii. Arbitrating on disagreements among organizational members.

iii. Catalyzing to arouse the subordinate to action.
iv. Suggesting ideas to subordinates
v. Inspiring subordinates towards effectively to accomplishment of organizational goals.
vi. Praising subordinates to satisfy their recognition and esteem needs.
vi. Providing security to followers when they face problems.
viii. Representing the organization before others and serving as a symbol of the organization.

As regards the leadership functions Mery Parker Follet recommend that a leader should perform three main functions- (1) Coordination (2) Definition of purpose (3) Anticipation.

Chaster Barnard States that a leader performs the following four functions. In general, HR leaders of automobile industries perform their work as their managerial functions.

i. Determination of objects
ii. Manipulation of means
iii. Control of the instrumentality of action
iv. Stimulation of coordinated action

4.7 Leadership Qualities

Leadership quality is an essential part of his personality. Leadership qualities enumerated by eminent thinkers are given below;

Chester Barnard – An eminent management thinker says that a successful leader should have the following qualities

i. Vitality and endurance
ii. Decisiveness
iii. Persuasiveness.
iv. Responsibility and intellectual capacity
Barnard advocates intellectualism as the fourth leadership quality in order of importance, because he believes that it hinders responsibility and decisiveness in the leader.

**John Millet** – in his opinion leadership qualities includes good health, a sense of mission, interest in other people, intelligence, integrity, persuasiveness, judgement and loyalty.

**G.R. Terry** – according to George Terry the important leadership qualities are-

i. Energy  
ii. Emotional stability  
iii. Awareness of human relations  
iv. Personal motivation  
v. Communicative skills  
vi. Teaching ability  
vii. Social skills  
viii. Technical competence

With these qualities the HR manager motivates the employees to achieve the target.  

**Mary Parker Follet**: - Follet defines that no person enjoys leadership by birth, he / she can achieve leadership position by acquiring education and ability.  
Follet recommend three types of qualities.  
i. Position  
ii. Personality  
iii. Performance.

**4.8 Leadership Theory or Approaches**

Every organizational head performs his / her duties as manager is popularly known as organizational leader. There are three theories of leadership also called the
approaches to leadership. HR managers skillfully apply these theories as and when needed.

i. Trait Theory

ii. Behavioral Theory

iii. Situational Theory

**Trait Theory:** - A person becomes a leader because of the traits possessed by him. It is concerned with identifying the personality traits of leader. It assumes that the leaders are born and not made. This is popularly known as the “Great man Theory” of leadership. Later the behavioral studies revealed that leadership traits are not totally inborn but can be acquired through learning and experience. Chester Barnard, Ordway Tead, Millet, George Terry, Paul Appleby and O’Glenn Sthal are the advocates of this theory. Auto industry HR leaders necessarily use the traits and pacify the situation.

**Behavioral Theory:** - Behavioral scientists sought to find out what the leaders “do” as against the trait leaders “are”. The thinkers advocates that behavioral leaders are identified how they lead, how they behave, how they motivate subordinates, how they communicate. They concentrated on leadership function and style.

**Situational Theory:** - About a long period of (50) fifty years trait and behavioral theories failed to provide an overall and satisfactory theory of leadership. Because in both theories, leadership ignored the situational factors in determining the effectiveness of leadership. The scholars formed their attention to the situational dimension of leadership. The leadership effectiveness is determined by the various situational factors in addition to the traits and behavior of the leader himself.

**4.9 Profile of automobile companies selected for study**

The last few decades has seen that the Indian industry has gain in maturity and confidence. The automobile industry is counted among the large contributors of India’s economic development witnessed over last few decades. India can play an important role
in sustaining its speed of growth in production of auto vehicles. Today Indian auto industry is one of the largest industrial sectors, with a turnover that contributes to roughly 5 percent of Indian’s GDP. More importantly it contributes to employment of 4 to 5 million directly and another 10 to 15 million indirectly. In this context Maharashtra auto industry contributes about 35% its share in production of various types of vehicles. Auto industry in Maharashtra contributes to employment of 2 million directly and about 3 to 4 million indirectly.

The industry has also been the adoption of outsourced manufacturing as a strategy. In Maharashtra about 15 big vending companies are largest suppliers of spare parts to Baaj, Tata, Fiat, Mahindra & Mahindra, Skoda, Mercedes Benz, Volks Wagon, Force Motors, General Motors. The majority of the passenger manufacturing industry is located around three Zones in north, South, and West. The western hub, near Pune and Mumbai in Maharashtra, Contributes to 35% of the market. Companies like TataMotors, General Motors, Mahindra and Mahindra, Force, Premier Automobile, Mercedes Benz, Volkswagon, Skoda are main auto industries located at Mumbai, Pune and Aurangabad.

Automobile Industry in Maharashtra

Pune Industrial Scenario

Pune has the seventh largest metropolitan economy and the sixth highest per capita income city in the country. Pune is India’s fifth auto motor producing district in India. The automobile sector is prominent in Pune. The establishment of the Maharashtra Industrial Development Corporation (MIDC) by the Government of Maharashtra, the Government five year plans and policies, introduction of the New industrial Policy, 100% foreign direct investment, easy availability of raw material, availability of skilled and unskilled labors are the major factors responsible for the growth and development of the automobile industries in Pune.

Today, Pune has a diverse industrial population. It is one of India’s most important automotive hub. Some well-known Indian as well as foreign automobile companies have established their manufacturing units in Pune district. All types of
automobile vehicles are manufactured in these companies such as two wheelers, three wheelers and four wheelers including trucks and tractors thereby contributing to the Indian economy. The Automobile companies like Tata motors, Mahindra and Mahindra, Force Motors, General Motors, Mercedes Benz, Volkswagen and Fiat are having their manufacturing plants in Pune.

It can be seen from the SIAM report published in Sampada, March 2014 on page number 40 that the production of passenger vehicles in Pune is the highest as compared to other vehicles from December 2013 to January 2014. The growth rate of the production of passenger vehicles is 44.8% which is followed by commercial vehicles 7.88%, three wheelers 6.96% and two wheeler 3.97% from December 2014 to January 2014.

Aurangabad Auto Industry Scenario

Aurangabad is third big city of Maharashtra. Since 1970 Aurangabad entered in the industrial arena of the state. Aurangabad is divisional head quarter. The city is a tourism hub popularly known Ellora and Ajanta Caves are the most attractive places. Aurangabad is having three tier industrial structures.

1) Multinational Industries like Skoda, Maan, Endres-Houser, Colgate etc.

2) Companies having national importance such Bajaj, Aurangabad Electrical, Leela sons, Wockhardt, Videocon, Greaves etc.

3) Small Scale Industries – In and around the city about 954 small scale industries are functioning.

Aurangabad today has considerable industrial population. It is Maharashtra’s second largest industrial hub because of multinational and Indian standard companies have established their manufacturing units of two wheelers and four wheelers thereby contributing a considerable share of economy of the state as well as country’s economy. Aurangabad contributes the production of two wheelers for the year 2013 and 2014 amounts 4 and 3.79 million respectively.
Production of automobile vehicles 2013 -14

<table>
<thead>
<tr>
<th>Particular</th>
<th>Production 2013</th>
<th>Production 2014</th>
<th>% change (Growth Rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Vehicles</td>
<td>33,399</td>
<td>48,378</td>
<td>44.8%</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>39,788</td>
<td>47,995</td>
<td>7.88%</td>
</tr>
<tr>
<td>Three Wheelers</td>
<td>52,477</td>
<td>56,132</td>
<td>6.96%</td>
</tr>
<tr>
<td>Two Wheelers</td>
<td>3,01,689</td>
<td>3,13,696</td>
<td>3.97%</td>
</tr>
</tbody>
</table>

Table No. 4.9.1

Source – Sampada March 2014

Profile of the companies selected for the survey (OEMs)

There are 13 automobile OEMs (Original Equipment Manufacturers) companies in Maharashtra. But for research study four companies are selected on the basis of random sampling viz. Tata, Mahindra Skoda and Bajaj. These companies are in various segments like passenger vehicles, utility vehicles, Three wheelers, Two wheelers. Following table shows the statistical data of these selected OEMs production of last five years.

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Production (Nos)</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mahindra</td>
<td>26,653</td>
<td>14,404</td>
</tr>
<tr>
<td>Skoda</td>
<td>14,255</td>
<td>15,164</td>
</tr>
<tr>
<td>Tata</td>
<td>179,079</td>
<td>148,103</td>
</tr>
<tr>
<td>Utility Vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mahindra</td>
<td>109,202</td>
<td>106,703</td>
</tr>
<tr>
<td>Skoda</td>
<td>1,469</td>
<td>2,129</td>
</tr>
<tr>
<td>Tata</td>
<td>51,438</td>
<td>40,024</td>
</tr>
<tr>
<td>Three Wheelers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bajaj</td>
<td>259,589</td>
<td>265,275</td>
</tr>
<tr>
<td>Mahindra</td>
<td>5,140</td>
<td>27,760</td>
</tr>
<tr>
<td>Two Wheelers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bajaj</td>
<td>2,161,033</td>
<td>1,888,891</td>
</tr>
<tr>
<td>Mahindra</td>
<td>-</td>
<td>69,772</td>
</tr>
</tbody>
</table>

Table No. 4.9.2

Source: - Statistical Profile 2012-13, Society of Indian Automobile Manufacturers16
4.9.1 Bajaj Auto Limited

Bajaj Auto Limited is Flagship Company of Bajaj Group, one of the distinguished and respected business houses in India. After establishment in 1945, the company has achieved several milestones during its journey. Bajaj Auto is ranked as the world’s fourth largest and India’s second largest two wheeler manufacturer. To add up, it is also the world’s largest in three-wheeler’s manufacturers. It had a turnover of Rs. 207,927.4 million and profit of Rs. 30,435.7 million during fiscal year 2012-13. Bajaj Auto is India’s largest exporter of two and three-wheelers. During 2012-13, Bajaj Auto’s international sales stood at 1,547,157 units of two and three-wheelers. This constitutes 37% of total units sold.

Bajaj brands are well-known across several countries in Latin America, Africa, Middle East, South and South East Asia, Bajaj Auto’s product range encompasses motorcycles, three-wheelers etc. It holds an attractive portfolio which comprises of motorcycle brands like Pulsar, Discover, Platina, Boxer, KTM and three wheelers under brand name RE. Till date, over 6.1 million Pulsars and 7.5 Million Discovers have been sold. With its ‘Distinctly Ahead’ DNA, Bajaj Auto provides unique value proposition and best technology to end consumers in each segment.

Research & Development forms the core of the company. Bajaj Auto’s R. & D comprises talented and motivated young engineers with high energy levels, who combine individual creativity with teamwork.

Bajaja Auto took initiative to form Bajaj Auto Vendors Association (BAVA) in 2007 with an objective to prevent the losses between Baja and vendors. It is the First-of-its-kind in the automobile manufacturing industry in India. Other objective of framing BAVA is enabling vendor improvement activities steered through BAVA management and executive committees. As of 31st March 2013, 130 out of total 211 vendor groups are part of BAVA.

BAL supports its vendors for continuous improvements on quality, cost and delivery performance in the following ways:
1. Direct assistance by deploying BAL engineers at vendor plants to identify gaps, carry out improvement and monitor the same till sustenance is achieved and transferred to vendor.

2. Specific training programs on Total Productive Maintenance (TPM) implementation for vendor plant managers at BAL plant and to vendor front line workers for skill and knowledge improvement at BAL Technology Centre.

3. BAVA forums to provide guidance on preventing interface losses and promote improvement culture among small cluster groups.

4. Extending services of BAL employed Industry/Process Experts for Non-Proprietary category.

5. Assisting Automation Projects in Non-Proprietary category, which also has reduced their dependency on skilled manpower.

Bajaj Auto Employee Statistics


*Figure No. 4.9.1*

4.9.2 Tata Motors

Tata Motors is India’s largest automobile company, with consolidated revenues of Rs. 1,88,818 crores ($34.7 billion) in 2012-13. Through subsidiaries and associate companies, Tata Motors has operations in the UK, South Korea, Thailand, Spain, South Africa and Indonesia. Among them is Jaguar Land Rover, the business comprising the two iconic British brands. It also has an industrial joint venture with Fiat in India. With over 8 million Tata vehicles playing in India, Tata Motors is the country’s market leader in commercial vehicles and among the top in passenger vehicles. It is also the world’s fifth largest bus manufacturer. Tata cars, buses and trucks are being marketed in several countries in Europe, Africa, the Middle East, South Asia, South East Asia, South America, CIS and Russia.

Tata Motors has many manufacturing plants throughout India such as the Tata Motors plant which is situated at Jamshedpur in the East, then comes Sanand and Pune in the West also Tata Motors has its base at Lucknow and Pant Nagar in the North. Tata Nano is manufactured at the Sanand plant which is located in Ahmadabad District of Gujrat. There are some other vehicles like Mini truck Ace and the passenger carrier Magic is manufactured at the Pant Nagar plant in the north, Low Floor Buses, Semi low floor buses and CNG buses are manufactured at the Lucknow plant in the state of Uttar Pradesh.

The passenger cars of Tata Motors like Indica and Indigo and commercial vehicles are manufactured at Pune plant. Tata Motors is famous for Nano, Vista, Indica, Manza and Indigo passenger car models and also the commercial light vehicle models which include Tata Ace, Prima, and Winger Venture etc. it has established itself as a market leader in each segment and is also among the top three passenger vehicles with winning segment in cars.

It is one of the major players in Pune’s automobile sector with a strong workforce of 24000 employees. This study is conducted at the Pune plant of Tata Motors. On an average 700 cars per day are manufactured daily in this plant. The market share of Tata motors is 13.12%. Total cars sold in 2011-12 are 3,13,385. The popular passenger cars of Tata Motors are Vista, Indica, eCS, Indigo, and Nano.
4.9.3 Mahindra & Mahindra Ltd.

Mahindra & Mahindra Ltd., (M&M) is the flagship company of the USD 16.2 bn Mahindra Group. The company is the largest manufacturer of utility vehicles and tractors in India and also the No. 1 Tractor company in the world by volume.

Since 1947, the company has been India’s largest utility vehicle (UV) manufacturer, offering a wide range of utility vehicles like Scorpio, Xylo, Quanto and XUV500. In addition to its leading presence in the UV market, the company offers a wide range of commercial vehicles ranging from 0.5T 3-wheelers to 49T heavy commercial vehicles. While, the company’s products are known for their reliability and ruggedness, the company has been the pioneer for introducing environment friendly technologies like common all rail diesel injection, Micro hybrid and fuel smart technologies in India.

This diverse product portfolio caters to an equally diverse customer base spanning rural, semi urban and urban customers. Customer centricity is the focus of its wide network catering to its customer base on a 24x7 basis. For the year ended 31 March 2013, the company sold a total of 5,30,914 vehicles in the domestic market and 32456 vehicles in the overseas markets. The automotive business of the company has a total of six manufacturing plants, with a combined capacity of nearly 7,50,000 vehicles and three
wheelers. All manufacturing management principles and complying with environment management systems (EMS) norms.

The company has also built a good overseas presence and its vehicles can be seen on roads both paved and unpaved of Australia, Europe, Latin America, Malaysia, South Africa and Sri Lanka. With the aim of expanding its global footprint and deriving synergies in the automotive space, the company acquired a majority state in the Korean automotive company Ssangyong Motor Co. in February 2011.

With a commitment to make a meaningful contribution towards abatement of global warming and enhancing energy security, the company launched the Mahindra E20, the first all-electric car by an India car manufacturer.

**4.9.4 Skoda Auto India Ltd.**

SKODA entered the India premium car market in 2001 and setup a plant at Shendra, on the outskirts of Aurangabad, making it the company’s first assembly facility outside Europe. This plant is spread across 3,00,000 square meters. Looking at the growing demand for its products SKODA Auto India also doubled its production capacity to 90,000 units per year. This facility is also regarded as one of the best engine assembly plants in Asia.

**Corporate identity**

SKODA Auto India’s corporate identity represents SKODA’s personality and is the overall image SKODA creates in the India of the public, the customers, investors and employees. It consists of three elements: corporate design, brand communication most importantly the brand behavior. So the corporate identity only comes into being when all employees share a common ownership of SKODA philosophy and values.

In the 2011 Geneva Motor Show, SKODA Auto highlighted the brand’s new direction by presenting a concept car Mission L, which reflected the brand’s new design language and new corporate identity with a young, fresh and precise logo. The car boasted clearly defined shapes and a great sense of detail, and the new logo with the central philosophy of ‘Simply Clever’, supplemented by the promise: ‘Clever
Engineering with a Human Touch’. The new brand philosophy essentially clarifies what character SKODA products shall have, how they shall be designed, and how SKODA would act toward its customers.

**Product Portfolio**

SKODA has a strong product portfolio with a wide range of different benefits that cater to various target groups. Each of our products has a clearly defined product brand position to ensure their unique benefits stand out in the marketplace and within the SKODA brand portfolio.

However, what they have in common is the fact that we offer more car than others. SKODA’s products are the most powerful drivers of the brand SKODA Auto India has 6 models on offer in India: SKODA Superb, SKODA Laura, SKODA Fabia, SKODA Yeti, SKODA Rapid and recently launched the third generation Octavia in India. SKODA Auto India has a network of 98 sales and 90 service outlets across the country and has sold 1,84,269 units since November, 2001.

**4.10 Profiles of Auto-component Companies.**

**4.10.1 Endurance Technologies Pvt. Ltd.**

Endurance established in 1985 as Anurang Engineering Co. Pvt. Ltd. to manufacture Aluminum Die Casting products at Aurangabad, Maharashtra (India). The Endurance Group is a global force in Aluminum Casting (including Alloy Wheels), Suspension, Transmission and Braking products with annual sale revenue of US$ 519 Million (INR 31,381 Million) from domestic operations and approx. US$ 183 Million (INR 11,072 Million) from overseas operations for the year 2013-2014. Endurance Group has 19 Plants across India, Italy & Germany.

In 1996 Two and Three Wheeler Shock Absorber Plant started at Aurangabad, Maharashtra. A High Pressure Die Casting Plant and Tool Room was started at Pune, Maharashtra. In 2001 The Aluminum Die Casting, Shock Absorber & Front Fork Plants were awarded the QS 9000 & ISO 9001 certifications. In 2002, TPM activities were
started in the High Pressure Die Casting, Shock Absorber & Front Fork Plants. R&D Centre for Suspension components was started at Aurangabad, Maharashtra.

In 2006, Endurance witnessed various expansion and developmental activities. New plant for Machining of High Pressure Die Casting components was started at Aurangabad, Maharashtra. Alloy Wheel Plant was started at Pune, Maharashtra. Endurance Technologies Pvt. Ltd. was formed from the merger of two group companies Anurang Engineering Co. Pvt. Ltd. and Endurance Transmission Systems (India) Pvt. Ltd. Endurance acquired 100% of the Equity Stake in Amann Druckguss GmbH and Co KG, Germany, an Aluminium Die Casting Manufacturer.

Endurance became a Public Limited Company & filed DRHP for IPO in September 2011.

Endurance Sales Turnover in Million USD.

![Sales Turnover in Million USD](image)

*Figure No. 4.10.1*

Source: - Company’s web site.

The Endurance Group has four well-equipped R&D Centers recognized by the Department of Science & Industrial Research, Ministry of Science & Technology, Government of India.
The R&D infrastructure comprises of a large number of imported and indigenous equipment, handled by a highly qualified team of over 137 R & D personnel. These professionals keep themselves updated by attending technical seminars in India and abroad. The expenditure incurred on R&D activities is well above the standards of the Indian Industry.

The Center devotes itself primarily to experimental Research & Development for developing new products, product improvement, product modification, process standardization, new innovations, new technologies and improvement. The Center has state-of-the-art equipment to facilitate all its activities.

Endurance is in four major product areas and its strength of all these products are as per following.

<table>
<thead>
<tr>
<th>Product Area</th>
<th>Sales Turnover (2014-15)</th>
<th>Installed Melting Capacity</th>
<th>Manufacturing Plants</th>
<th>R &amp; D Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum Casting</td>
<td>INR 29,522.86 Million</td>
<td>71,702.50 Metric Tones</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Transmission</td>
<td>INR 3026.12 Million</td>
<td>4.26 Million Clutches &amp; CVTs</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Breaking</td>
<td>INR 2344.71 Million</td>
<td>5.37 Sets</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Suspension</td>
<td>INR 12,590.56 Million</td>
<td>18.60 Million Front Forks &amp; Shock Absorbers</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

*Table No. 410.1*

Source: - Company web site.
4.10.2 Varroc Engineering Pvt. Ltd.

Varroc is a one billion dollar enterprise; Varroc Group is a Full Service Supplier of Plastic Molded Modules, Engine Valves, Machined Forgings, Exterior Lighting and Electrical Systems to Auto Industry with unparalleled manufacturing reach and ability. Varroc strongly believes that growth is directly linked to the growth of esteemed clients, so its growth philosophy is- “being where customer wants us to be”.

Varroc currently operate from 35 Manufacturing Plants & 8 Technical and Development Centers across 3 continents, 10 countries globally. It has a diversified product portfolio catering to automotive companies worldwide. A workforce of 10,000+ dedicated employees helps to manage production capabilities efficiently. Varroc, the dynamic and progressive Group focus on value added products, services and innovative solutions. They have developed technology and products that enhance the quality, reliability and economy of automobiles and ensure total customer satisfaction. Its flexibility leaves no opportunity unanswered and better ideas are unearthed every day.

Varroc Established as 100% owned company in 1990. Series Production for Polymer based components as single source to Bajaj Auto. 1996 to 2000 was period of enhancing product portfolio – added products – Auto Electricals and Engine Valves. This was the period when Varroc had tie-ups with product domain global leaders.2001 to 2005 was a period of Manufacturing Excellence and Creating Development Capabilities. Extended OEM customer base, Expanded manufacturing footprint on geographical spread. Concept of TPM was launched.

In 2006, Varroc entered into the European market with acquisition of IMES, Italy & Poland to add to our forging capabilities. In 2008, State of art manufacturing facility was set up at Pant Nagar, Uttarakhand.

During 2010 to 2012, Varroc divided into two companies viz. 1) Varroc Polymer & 2) Varroc Engineering. Varroc is leading auto component sector with the acquisition of Visteon Global Lighting business, acquisition of European Two Wheeler lighting major Tri O.M. S.P.A., acquired E.S.E.X Forging in Italy for application in defense parts.
Varroc 63% revenues from international operations; 92% from passenger car segment and 90% of India revenues is from two and three wheeler automotive segments. Key customers of Varroc are - JLR, Ford, PSA, VW, Fiat, Chrysler, GM, Tata Motors, Mahindra & Mahindra, Eicher Volvo, Bajaj, HMSI, Hero, Yamaha, Suzuki, Royal Enfield, Caterpillar.

Varroc Outpacing Market Growth

![Graph showing Varroc's growth]

*Figure No. 4.10.2*

Source: - Company website

4.10.3 Badve Engineering Pvt. Ltd.

Badve Engineering Pvt Ltd (BEPL) was established in 1997. Today, the company consists of nine units spread over four different locations. The company has modern hi-tech equipment and machinery with test laboratories, to cater the needs of the automobile and home appliance industry. Its manufacturing facilities has press shop having 50 machines with capacities ranging from 10 tons to 500 tons, mold shop with 15 machines
having tonnage from 80 to 650. The kinds of molds handled are hot runner system, stack molds and two & three plate molds. The company also has robotic welding facility for two wheelers chassis with 16 robots working 22 hours a day.

Badve Engineering is an established and accomplished company, having its corporate office in Aurangabad. It is one of the top suppliers of Automotive Components and Aggregates. Badve manufactures Sheet Metal, Fabricated, and Plastic Molded Components. It has facilities including Robotics and multiple Surface Treatments. Badve has Plants and Facilities all over India – Aurangabad, Waluj, Ranjangaon and Chakan (Pune) in Western India, Dharwad, Bangalore & Chennai in Southern India, Pantnagar and Bhiwadi in Northern India and Indore in Central India.

In manufacturing, progressive systems have been adopted at Badve. System Software like SAP is implemented at Badve integrating all Plants at various locations. Systems of International Organization for Standardization (ISO); ISO 9001 Quality Systems, ISO 14001 Environmental Management Systems, ISO / TS 16949 Total Quality Management Systems as Applicable to the Automotive Sector have also been implemented at all Plants and strict adherence to these standards is maintained.

Badve grew from a Supplier and Manufacturer of Automotive Exhaust Systems, Two and Three Wheeler Chassis and Aggregates to a Manufacturer of diversified products inclusive of Four Wheeler Components, Chassis and Aggregates. With Goods Components and Aggregates, Badve has joint ventures with renowned international manufacturers for various products like Helmets, Security and Hardware.

Customers BPEL has a wide reach supplying to major OEMs across the country. It caters to various needs of each client. Some of the company’s clients include:

- Bajaj Auto Two & three wheelers chassis and exhaust systems, side covers, wind shield, cowling, front fender and shield muffler
- LG Electronics Microwave oven cavity, refrigerator door handle and TV front cover
• Videocon Industries TV back cover and woofer box

• Lombardini India Air shroud, air shroud intake, intake manifold, selection fork, metal grid flywheel, shaft with lever, timing belt, breather plate assembly and thrust bearings

• Ceekay Diakin Clutch plate and cover

• Tata Ficosa Packing brake cable guide tube and lever

• Royal Enfield Two wheeler chassis and exhaust system

• Valco, USA SS fan blades, bottom panel, motor arm, lamella, side shutter and Z-Angle

Administrative Structure of Badve Engineering Pvt. Ltd.

Figure No. 4.10.3
4.10.4 Rucha Engineering Pvt. Ltd.

Rucha Engineering is a trusted name in Automotive Components Aurangabad. It is mainly in Two wheeler, Three Wheeler and Four Wheeler sector, Started in 1993. Rucha Engineering is known for High Quality Sheet Metal Stamping, Complex Fabricated Assemblies, Design and Development, Advanced Surface Coating Technologies, Blow and Injection Plastic Molding and Precision Tool Manufacturing.

Rucha Customer portfolio comprises of giant and globally renowned OEM’s, like Bajaj Auto, Tata Motors, Chrysler, Volkswagen, Piaggio, Lear, IKEA, Godrej, Lotus Cars, Husquvarna, STIHL etc.

Rucha Engineering established in 1994 as a single unit of Rohit Industries. Now it has 5 plants located at Aurangabad in Maharashtra and at Sanand in Gujrat. Started from a single unit, it has developed multi location and multi product ranged company. In 1998, Rohit Exhaust Systems Pvt. Ltd. was established under the Rucha Group banner. Year of 2000 was its substantial progress year with the establishment of Rucha Engineering Pvt. Ltd. Company. Rucha Technologies was established in 2006 and Rucha group entered into four wheeler auto component product manufacturer in 2009.

Taking the management of environment as basic principle in the overall scenario of growth and development, Rucha Group has not only religiously adhered its legal requirements but gone ahead in this direction for optimal utilization of resources, minimizing the waste that has helped in prevention of resource depletion. All the work places of the Group have waste management, energy conservation, pollution control, noise control and effluent treatment facilities. It has been awarded with ISO 14001 certification and OHSAS 18001 is under implementation for ecofriendly and safe manufacturing practices.
**Rucha Engineering Pvt. Ltd. Organization Chart**

**Figure No. 4.10.4**

*Source: Compiled as per the field survey (2012-14)*
4.10.5 Carraro India Pvt. Ltd.

Carraro is a large multinational group, with its main business activity being design, manufacture and marketing of mechanical and transmission systems for on-road and off-road vehicles and stationary applications.

Carraro was established in 1932 as a manufacturer of agricultural machinery (like seeders). Between the 1950s and 1960s, it moved into new market sectors and in 1964 rolled out its first four-wheel drive tractor. New market trends in the early 1970s led Mario Carraro, chairman of the company, to initiate a process of diversification, through the introduction of the first four-wheel drive axles and transmissions. The importance of these products grew steadily and they became the company's core business. Today Carraro is a multinational group, which designs, manufactures and markets mechanical and transmission systems for on-road and off-road vehicles and stationary applications. Its products find applications in agricultural tractors, earth moving machinery, tele-handlers, forklifts, trucks and cars, escalators, walkways and lifts.

Carraro is owned by holding company Carraro S.P.A., which is listed on the Italian stock market since 1995. Headquartered at Campodarsego, near Padua in northern Italy, it has 15 factories spread across Italy, Germany, Poland, Argentina, India, China and the USA. It also has two offices of representation in Turkey and Japan and six engineering centers. In 2005, it recorded a consolidated turnover of Euro 617 million. Axles and transmission systems represent its core business, along with final drive, cam phaser systems for IC engines, gear trains and other mechanical components. Carraro’s end-user market is of global proportion - only 17 per cent of the turnover is generated in Italy, 83 per cent of turnover comes from exports, mainly to North America, Germany, France, the UK and India. The world's leading producers of tractors, construction equipment, industrial and commercial vehicles and cars prefer Carraro’s products.

Carraro made its foray into India in 1997 by entering into a joint venture agreement with the Escorts Group, to create Carraro India Limited, for the production of tractor transmission aggregates and front axles. Carraro owned the majority stake in this joint venture at 51 per cent, with the Escorts Group owning the remaining 49 per cent of the stake (later acquired by Carraro S.p.A.). Carraro India commenced production in September 1999 in its state-of -the-art manufacturing facility in Rajangaon, Pune.
(Maharashtra). Its manufacturing plant has a well-equipped machine shop facility with Mazak HMC (Horizontal Machining Centers), Mazak Multiplex, Mazak VTC (Vertical Machining Centers), Zeiss CMM (Coordinate Measuring Machines), washing machines and automated assembly lines. There is a well-developed incoming and outgoing material testing facility, including a laboratory for metallurgical testing. In India, Carraro's product lines include the 506 Transmission (55-76 HP tractors), 304 Transmission (35-42 HP tractors), World Wide Axles (70-80 HP tractors) and Skid Steer Assembly (axle assembly). Since Carraro S.P.A. was already supplying transmissions to the world's leading original equipment manufacturers (OEM), Carraro India has advantageously used these customer relationships for the Indian ventures. It produces world-class axles and transmissions for tractors and construction equipment. Currently, all the key manufacturers of the Indian tractor industry, namely, Escorts Limited, New Holland India Limited, L&T John Deere, Mahindra & Mahindra and Punjab Tractors Limited, are its customers. The company also exports to Carraro S.P.A., which sells these to OEMs such as John Deere, CNH, Renault, Farmer and Limb Tractors. Additionally, Carraro India exports directly to Alecilik in Turkey, John Deere in Mexico and the USA, and CNH in the USA. Its installed capacity is being ramped up to 30,000 units per annum. In November 2006, Carraro S.P.A. completed the acquisition of 49 per cent of Escorts stake in Carraro India for a consideration of Euro 20 million. This acquisition, and the resulting 100 per cent subsidiary of Carraro Group in India, is a reinforcement of its belief and commitment to its Indian operations. The Carraro Group set up a second facility under the aegis of Turbo Gears Limited, for manufacture of gears, bevel gears, and heat treatments and chemical-metallurgical laboratory analysis. The Carraro Group has equally ambitious plans for its gears unit in India.

4.10.6 Minda Corporation Ltd.

Minda Corporation Ltd. is part of Ashok Midna Group of companies. It was founded by Mr. S.L. Minda in 1958. Minda group has 36 plants in all over the world. 3 in Germany, 1 in Czech Republic, 1 in Poland, 1 in Indonesia, 1 in Vietnam, 1 in Uzbekistan, Office in Europe & Japan and others in India. It caters to all major OEMs and vehicle manufacturers in India as well as in Europe.
Minda group is in 15 major product line viz. Electronic & Mechanical Security systems, E Bike Controllers, Connective Systems, Interiors, Instrument Panels and Clusters, Sensors, Tank Units, Window Regulators & Door Checkers, Keys & Key Duplicating M/c, Die Casting (HPDC, LPDC & GDC), Surface Finishing, Switches, Horns, Lightings, CNG/LPG Kits, Battery and Starter Motors / Alternators.

**Group Organizational Structure**

- **Group Chairman**
  - Mr. Ashok Minda

- **Managing Director**
  - Minda Valeo Security Systems Pvt. Ltd.
  - Sanjay Thapar

- **Managing Director**
  - Minda Schenk Plastic Solutions Group
  - Paul Domink Czarnecki

- **Managing Director**
  - Minda Corporation Ltd.
  - Jeevan Mahaldar

- **Managing Director**
  - Minda Sai Ltd.
  - Praveen Gpta

- **Managing Director**
  - Minda Stoneridge Instruments Ltd.
  - N K Modi

- **Managing Director**
  - Minda KSTN Plastic Solutions & Co.
  - Mukesh Malhotra

- **Head Corp. Strategy & Planning**
  - N. K. Taneja

- **Head TQM & Technical Excellence**
  - Dr. Elangovan

- **Head Corp. Marketing**
  - N. K. Taneja

- **Head Corp. Finance**
  - D. C. Sharma

- **Head Global Interiors**
  - Mukesh Malhotra

*Figure No. 4.10.5*

*Source: Compiled as per the field survey (2012-14)*

For the research study, unit of Ashok Minda - Minda Corporation Ltd. is selected. Minda Corporation Ltd. is in two wheeler and three wheeler and Off-road vehicles.

CSR Initiative of Minda

Minda is much ahead in CSR activities. These initiatives are taken since long time before CSR act compulsion to spend 2% of the profit. ‘Minda Bal Gram’ is major activity under this.

Minda Bal Gram provides long-term and sustained institutional care to the children in need. The Bal Gram believes in the all-round development of the children residing in Bal Gram. In order to fulfil its objectives and long term goals the institution provides physical, mental, spiritual, residential and educational development opportunities to the children. Minda Bal Gram has four residential blocks for kids, boys and girls:

- SADBHAV SADAN- Home for pre-primary level kids
- SANSKAR SADAN- Home for Primary level children
- SANKALPA SADAN- Home for Upper Primary level children
- SHRADDHA SADAN- Home for Girls of age between 10 and 15, and
- PRATIGYA SADAN- Home for Teenage boys.

There are few more initiatives by Minda group like Midna Vidya Niketan for Pre-primary nursery kids, Minda Seva Kendra for the rural development. Minda Sanjivani Kendra for Health concerns for the villagers.

Summing Up

In this chapter efforts are taken to relate the managerial theories and the information regarding approaches to management as well as managerial leadership styles
to the automobile industries. As the managerial structure of automobile industry is based on management theories, hence the information is analyzed in a systematic way. In the light of various management theories, the profiles of chosen Automobile Industries (OEMs) and chosen auto components industries have been examined. This information will support for explaining more things in further chapters.
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