

CHAPTER 6

Production management

Production management means planning, organising, directing and controlling of production activities.

Production management deals with converting raw materials into finished goods or products. It brings together the 6M's i.e. men, money, machines, materials, methods and markets to satisfy the wants of the people.

Importance of Production Management

The importance of production management to the business firm:

1. **Accomplishment of firm's objectives:** Production management helps the business firm to achieve all its objectives. It produces products, which satisfy the customers' needs and wants. So, the firm will increase its sales. This will help it to achieve its objectives.
2. **Reputation, Goodwill and Image:** Production management helps the firm to satisfy its customers. This increases the firm's reputation, goodwill and image. A good image helps the firm to expand and grow.
3. **Helps to introduce new products:** Production management helps to introduce new products in the market. It conducts Research and development (R&D). This helps the firm to develop newer and better quality products. These products are successful in the market because they give full satisfaction to the customers.
4. **Supports other functional areas:** Production management supports other functional areas in an organisation, such as marketing, finance, and personnel. The marketing department will find it easier to sell good-quality products, and the finance department will get more funds due to increase in sales. It will also get more loans and share capital for expansion and modernisation. The personnel department will be able to manage the human resources effectively due to the better performance of the production department.
5. **Helps to face competition:** Production management helps the firm to face competition in the market. This is because production management produces products of right quantity, right quality, right price and at the right time. These products are delivered to the customers as per their requirements.
6. **Optimum utilisation of resources:** Production management facilitates optimum utilisation of resources such as manpower, machines, etc. So, the firm can meet its capacity utilisation objective. This will bring higher returns to the organisation.
7. **Minimises cost of production:** Production management helps to minimise the cost of production. It tries to maximise the output and minimise the inputs. This helps the firm to achieve its cost reduction and efficiency objective.
8. **Expansion of the firm:** The Production management helps the firm to expand and grow. This is because it tries to improve quality and reduce costs. This helps the firm to earn higher profits. These profits help the firm to expand and grow.

The importance of production management to customers and society:

1. **Higher standard of living:** Production management conducts continuous research and development (R&D). So they produce new and better varieties of products. People use these products and enjoy a higher standard of living.
2. **Generates employment:** Production activities create many different job opportunities in the country, either directly or indirectly. Direct employment is generated in the production area, and indirect employment is generated in the supporting areas such as marketing, finance, customer support, etc.
3. **Improves quality and reduces cost :** Production management improves the quality of the products because of research and development. Because of large-scale production, there are economies of large scale. This brings down the cost of production. So, consumer prices also reduce.
4. **Spread effect :** Because of production, other sectors also expand. Companies making spare parts will expand. The service sector such as banking, transport, communication, insurance, BPO, etc. also expand. This spread effect offers more job opportunities and boosts economy.
5. **Creates utility :** Production creates *Form Utility*. Consumers can get form utility in the shape, size and designs of the product. Production also creates time utility, because goods are available whenever consumers need it.
6. **Boosts economy :** Production management ensures optimum utilisation of resources and effective production of goods and services. This leads to speedy economic growth and well-being of the nation.

Productivity

Productivity—a ratio of production output to the input required to produce it—is one measure of production efficiency. Productivity is defined as a total output per one unit of a total input. Control management must implement control processes to maintain or improve productivity.

BASIS FOR COMPARISON	PRODUCTION	PRODUCTIVITY
Meaning	Production is a function of an organization which is associated with the conversion of range of inputs into desired output.	Productivity is a measure of how efficiently resources are combined and utilized in the firm, for achieving the desired outcome.

The level of **productivity**, in the production, determines the profitability, efficiency and performance of the enterprise, i.e. the higher the productivity of the firm the greater will be the earning capacity.

What is it?	Process	Measure
Represents	Numbers of units actually produced.	Ratio of output to input
Expression	Absolute terms	Relative terms
Determines	Value of output	Efficiency of factors of production

It aims at determining the relationship between the input and output, in a particular production process.

PRODUCTION PLANNING AND CONTROL

Production planning and control refers to two strategies that work cohesively throughout the manufacturing process. Production planning involves what to produce, when to produce it, how much to produce, and more. A long-term view of production planning is necessary to fully optimize the production flow.

OBJECTIVES

The objectives of production planning and control can vary from one business to another, but some general objectives include the following:

- Regulation of inventory management
- Optimum utilization of production process and resources

Organization of the production schedules, typically with the help of dynamic production scheduling software

- To make sure the right quality and quantity of equipment, raw materials and more are available during production times
- To ensure capacity utilization is aligned with forecast demand

There are several basic phases of production planning and control.

- **ROUTING**

- This part of planning involves the precise route a product or the materials take on the production line. The whole operation is planned and designed carefully, and the path and sequential order is determined and agreed on. At this stage, what equipment is used, and resources will be considered.

- **SCHEDULING**

- The scheduling stage is used to determine the time needed for the process, resources and machines to complete a certain step, activity or task.

- **LOADING**

- This is when the execution of the scheduling and the routing occurs. The load at each of the routing points and the start-end of an operation or activity are checked for resources support and help. It's during this step that the assignment of individual work will take place. It is also when efficiency will be put to the test.

- **DISPATCHING**

- This is the stage when the real work starts and the actual implementation of the plans that were made are put into production. During this stage, you will have production orders issued to be the operations and to fuel the onward movement on the production line.

- **FOLLOW-UP**

- There's no way to know how effective a particular process is unless you follow up on it after an evaluation. You need to look for any visible or possible bottlenecks at this point that may hinder the seamless flow of the production line at any stage.

- **INSPECTION**

- Inspection bouts and audits should be conducted to ensure everything under the production scanner adhered to the proper quality standards.

-

- **CORRECTION**

- Once the steps above are done, the results will be seen, and you can take action to correct any issues. This is crucial to make the process more efficient in the future.

Important questions

1 Define production and productivity

2 Describe production, planning and control steps?

CHAPTER 7

Sales and marketing management

Sales include “operations and activities involved in promoting and selling goods or services.”

Marketing includes “the process or technique of promoting, selling, and distributing a product.

Importance of sales & marketing

The heart of your business success lies in its sales & marketing. Most aspects of your business depend on successful marketing & selling strategies.

The overall marketing umbrella covers advertising, public relations, promotions and sales. Marketing is a process by which a product or service is introduced and promoted to potential customers. Without marketing, your business may offer the best products or services in your industry, but none of your potential customers would know about it. Without marketing, sales may crash and companies may have to close.

Sales is important because it is the bottom line. Marketing is about getting a product known. At the end of the day, it's about the business bottom lines - and about getting results. You cannot sell a product without marketing. Marketing comes first. Advertising is about getting a product known. Marketing is about identifying a customer's need or want. If a customer doesn't need or want it, you can't sell it.

Marketing plays an important role in selling. It helps sales teams find and qualify leads and maintains contact with prospects throughout the sales cycle. Although sales and marketing reside in different departments in most organizations, integration between the two can help to improve overall performance in terms of revenue and profit.

Selling methods

A sales technique or selling method is used by a salesperson or sales team to create revenue and help sell more effectively. The technique typically isn't a one-size-fits all and is often refined through trial and error based on past experiences.

SPIN selling

SPIN selling is about **asking the right questions**. The wrong questions can decline your entire sales process or even bring it to an unfortunate standstill. With SPIN, you let the buyer do the talking. SPIN is an acronym for 4 different types of sales questions designed to spark a prospect's interest and push him or her closer to a sale: **Situation, Problem, Implication, and Need-Payoff**.

Situation questions lay the very foundation of a sales cycle. The goal is to understand the prospect and their situation and **check whether your offering can serve their needs**.

Problem questions help **make your prospect aware of a problem** that needs to be solved and identify problems that are often overlooked. These pain-points will be used to accelerate a deal.

Implication questions **focus on the negative impact of issues** and **highlight the urgency**.

Need-pay off questions help them grasp the value of a real solution. The secret to success is to **help the buyer to specify the benefits themselves**. Get these questions right, and a prospect will tell you how your product helps them.

SNAP selling

Throughout these decision phases, there are four basic components to bear in mind:

Simple: respect your buyers' time and make it incredibly easy to adopt what you're selling. Pack information into snackable thirty-second phone messages, ninety-word emails, or one-page letters.

iNvaluable: rapidly build trust and showcase the value of your offering. Demonstrate that you truly understand their business, objectives, and priorities - and you'll set yourself apart. If a business is really concerned about their team's welfare, highlight how your solution will help them improve in this area.

always Align: align with your customers' needs, issues, and objectives. Make people want to work with you and you'll quickly gain access to the decision-maker.

Priorities: A buyer always has certain priorities. Selling successfully means understanding them and tapping into them. Tie the organisation's priorities into your messaging. For example, if saving costs is a top priority, highlight this aspect throughout the entire sales process.

Product policy

Product policy is defined as the broad guidelines related to the production and development of a product. These policies are generally decided by the top management of a company i.e. board of directors. It is like a long term planning with respect to the product-mix of the company in order to deliver maximum customer satisfaction.

Product branding

Branding is the process of identifying a product with a name or image that communicates the qualities and benefits of a product to customers and prospects. A strong brand creates a personality for the product and differentiates a product from competitors. Small businesses that develop strong brands build preference for their products.

Benefits of production branding

Identification

Branding your product can improve the return on your advertising and marketing budget. Communicating the same messages and using brand elements such as logos, colors, packaging and graphics consistently helps to reinforce brand qualities. Building a brand that customers can easily recall and recognize can reduce your marketing costs in the long term.

Extension

A strong brand can help you launch new products or enter new market sectors. Giving new products the brand elements and qualities that customers recognize and trust reduces the risk of failure. The original product can be used to launch complementary products or products in a different category, because customers associate the new product with the existing brand qualities.

Growth

Branding can help you increase your revenue and grow your customer base. By promoting your brand consistently, you can move prospects and customers through different levels of brand familiarity. Brand recognition occurs when customers can recall a brand's qualities.

Barrier

A strong brand can help protect market share and create barriers to entry for new competitors. Competitors wishing to enter would have to make a major investment in brand development and marketing to match your strengths. Branding can also help you to maintain pricing levels. When customers insist on your brand, they will be willing to pay for the product in preference to lower-priced offerings

Product Packaging: Meaning, Levels, Functions and Importance!

Packaging refers to the process of designing the package such as containers, wrappers etc. It plays a very significant role in the marketing success or failure of many products especially for non-durable consumer products.

It not only provides protection to the product but also acts as a promotional tool. Sometimes, customers assess the quality of the product from its packaging. Packaging has played an important role in the success of many products like Colgate Toothpaste, Taj Mahal Tea, Lays Wafers etc. It has been described as silent salesman

Following are the three levels of Packaging:**Primary Package:**

Primary package refers to the product's immediate package.

Secondary Packaging:

Secondary packaging is the additional packing given to a product to protect it

Transportation Packaging:

It refers to packages essential for storing, identifying or transporting. For example, use of corrugated boxes, wooden crates etc.

Product labelling:

Product labelling is a part of the packaging of a product. Labelling is the written information on the packages. These written labels on the package cover important information which **needs** to be communicated to a customer. Product labelling is different from packaging. A product packaging might have the brand colours, the logo and the material as well as the shape of the package etc. The product is the informational / written part.

Example – A food product like Maggi noodles might have the ingredients of the product as well as the instructions on how to make the product written and illustrated on the package. These instructions are nothing else but product labelling by the brand.

Importance of labelling a product**Brand and Product Identity**

The label on the product is the primary product identity. The name of the product and the brand itself is considered as part of product labelling and these product labels form the brand identity.

Grade and type

Every Sunsilk shampoo has different types. Besides changing the design and packaging style of the product, they also change the label on the shampoo. Some of them will say that the shampoo is Anti-dandruff shampoo whereas the other will say smooth silk.

Product Mix

The term 'product mix' implies all the products offered by a firm for sale. It may consist of one line products or several allied product lines.

Product line refers to an assortment or class of similar or related products and services. They may be similar in technology, customers' needs, channel used, market served or in some other respect. An individual product in a line is known as a product item. There are several product items in a product line.

Product mix has three important aspects—width, depth and consistency. Width of the product mix is measured by the number and variety of product lines offered by a firm. It shows the degree of diversification of a firm's activities. The depth of product mix is determined by the number of items in a product line.

Product Mix Example

Let us take a small example to understand the product mix of Nike.

Footwear – Boots for strikers, Midfielders, Defenders, Sneakers

Apparels – Headwear, Tops/Polos, Jersey, Jackets, Shorts, Shocks

Equipment – Ball, Bags, Watches

Pricing Methods

Definition: The **Pricing Methods** are the ways in which the price of goods and services can be calculated by considering all the factors such as the product/service, competition, target audience, product's life cycle, firm's vision of expansion, etc. influencing the pricing strategy as a whole.

The pricing methods can be broadly classified into two parts:

Cost Oriented Pricing Method

Market Oriented Pricing Method

Cost-Oriented Pricing Method: Many firms consider the **Cost of Production** as a base for calculating the price of the finished goods like **Cost-Plus Pricing**

Market-Oriented Pricing Method: Under this method price is calculated on the basis of market conditions like **Perceived-Value Pricing**

Definition of Product Advertising

Product advertising is any method of communication about the promotion of a product in an attempt to induce potential customers to purchase the product. Advertisement usually requires payment to a communication channel. The general objective is to increase brand awareness or to demonstrate the differences between product and competing products in order to sell them.

An ad performs several functions:

- (a) To introduce a new product in the market
- (b) To tell of its comparative merits in a competitive market
- (c) To increase the use of a product and the frequency of its use
- (d) To bring new areas and new population groups into the fold of buyers (e.g. a chocolate promoted for all age groups and not just children)
- (e) To bring together a group of related products (e.g. cosmetics with a variety of applications)

Chapter 8

HUMAN RESOURCE MANAGEMENT

Human resource management is defined as the process of managing employees in a company and it can involve hiring, firing, training and motivating employees.

The Importance of Human Resource Management:

1. Helps you achieve your objectives:

The chief ground for human resource management to be important is that they help the company to achieve their objective on a regular basis by means of developing a positive attitude amongst the employees.

2. Design recruitment and training:

They are significant because they cull the right kind of people during recruitment. They call for initiatives and design criteria which are best suited for a specific task.

3. Professional development is attained:

The policies adopted by human resource management helps in providing excellent training for the employees.

4. Performance appraisals are a good thing:

The HRM motivates the employees by their performance assessment procedure. They help people to act according to their efficacy and also offer estimates to gain advances.

5. Smooth relationship is preserved:

The co-ordinal relationship between union and management is maintained with HRM.

6. The work atmosphere is maintained:

Another important aspect to glance is that the workplace atmosphere and work culture are significant aspects that plays a central part in the operation of an employee. The human resource team offers good working conditions for the employees.

7. Handles disputes:

There are a number of hassles and issues that may rise up during the track amongst the employer and employee in an organization.

In such scenarios, the human resource department acts as a consultant as well as an intercessor to set right those sorts of events.

8. They maintain management cost:

The HRM trims down the management cost with various methods and brings about the best methods for benefits where few of them include health care coverage.

The human resource management also makes a detailed study on the current status regarding wage setting, by running through the labour market, employee trends and salary analysis with the equivalent job functions.

9. Humans are respected:

The human resource management is considered significant as they provide a respectful environment for the employees.

10. They bring in discipline and morality:

The human resource management team makes sure that discipline and morale is maintained inside the organization through performance-based incentives.

11. HR contributes to the growth of the country:

The growth of a state is also achieved by means of human resource management. When an efficacious and dedicated HRM is available, they lead to effective development and progress to using of natural, financial as well as physical resources in a proper manner.

12. They focus on performance management:

Human resource management focuses on the employee's performance and scores them in that way. They provide the right job as per the employee's accomplishments and expertise.

Sources of Recruitment

(A) Internal Sources:

Best employees can be found within the organisation... When a vacancy arises in the organisation, it may be given to an employee who is already on the pay-roll. Internal sources include promotion, transfer and in certain cases demotion. When a higher post is given to a deserving employee, it motivates all other employees of the organisation to work hard. The employees can be informed of such a vacancy by internal advertisement.

Methods of Internal Sources:

The Internal Sources Are Given Below:

1. Transfers:

Transfer involves shifting of persons from present jobs to other similar jobs. These do not involve any change in rank, responsibility or prestige. The numbers of persons do not increase with transfers.

2. Promotions:

Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more pay. The higher positions falling vacant may be filled up from within the organisation. A promotion does not increase the number of persons in the organisation.

A person going to get a higher position will vacate his present position. Promotion will motivate employees to improve their performance so that they can also get promotion.

3. Present Employees:

The present employees of a concern are informed about likely vacant positions. The employees recommend their relations or persons intimately known to them. Management is relieved of looking out prospective candidates.

(B) External Sources:

All organisations have to use external sources for recruitment to higher positions when existing employees are not suitable. More persons are needed when expansions are undertaken.

Methods of External Sources:

1. Advertisement:

It is a method of recruitment frequently used for skilled workers, clerical and higher staff. Advertisement can be given in newspapers and professional journals. These advertisements attract applicants in large number of highly variable quality. Preparing good advertisement is a specialised task. If a company wants to conceal its name, a 'blind advertisement' may be given asking the applicants to apply to Post Bag or Box Number or to some advertising agency.

2. Employment Exchanges:

Employment exchanges in India are run by the Government. For unskilled, semi-skilled, skilled, clerical posts etc., it is often used as a source of recruitment. In certain cases it has been made obligatory for the business concerns to notify their vacancies to the employment exchange. In the past, employers used to turn to these agencies only as a last resort. The job-seekers and job-givers are brought into contact by the employment exchanges.

3. Schools, Colleges and Universities:

Direct recruitment from educational institutions for certain jobs (i.e. placement) which require technical or professional qualification has become a common practice. A close liaison between the company and educational institutions helps in getting suitable candidates. The students are spotted during the course of their studies. Junior level executives or managerial trainees may be recruited in this way.

4. Recommendation of Existing Employees:

The present employees know both the company and the candidate being recommended. Hence some companies encourage their existing employees to assist them in getting applications from persons who are known to them.

In certain cases rewards may also be given if candidates recommended by them are actually selected by the company. If recommendation leads to favouritism, it will impair the morale of employees.

5. Factory Gates:

Certain workers present themselves at the factory gate every day for employment. This method of recruitment is very popular in India for unskilled or semi-skilled labour. The desirable candidates are selected by the first line supervisors. The major disadvantage of this system is that the person selected may not be suitable for the vacancy.

6. Casual Callers:

Those personnel who casually come to the company for employment may also be considered for the vacant post. It is most economical method of recruitment. In the advanced countries, this method of recruitment is very popular.

7. Central Application File:

A file of past applicants who were not selected earlier may be maintained. In order to keep the file alive, applications in the files must be checked at periodical intervals.

8. Labour Unions:

In certain occupations like construction, hotels, maritime industry etc., (i.e., industries where there is instability of employment) all recruits usually come from unions. It is advantageous from the management point of view because it saves expenses of recruitment. However, in other industries, unions may be asked to recommend candidates either as a goodwill gesture or as a courtesy towards the union.

9. Labour Contractors:

This method of recruitment is still prevalent in India for hiring unskilled and semi-skilled workers in brick kiln industry. The contractors keep themselves in touch with the labour and bring the workers at the places where they are required. They get commission for the number of persons supplied by them.

10. Former Employees:

In case employees have been laid off or have left the factory at their own, they may be taken back if they are interested in joining the concern (provided their record is good).

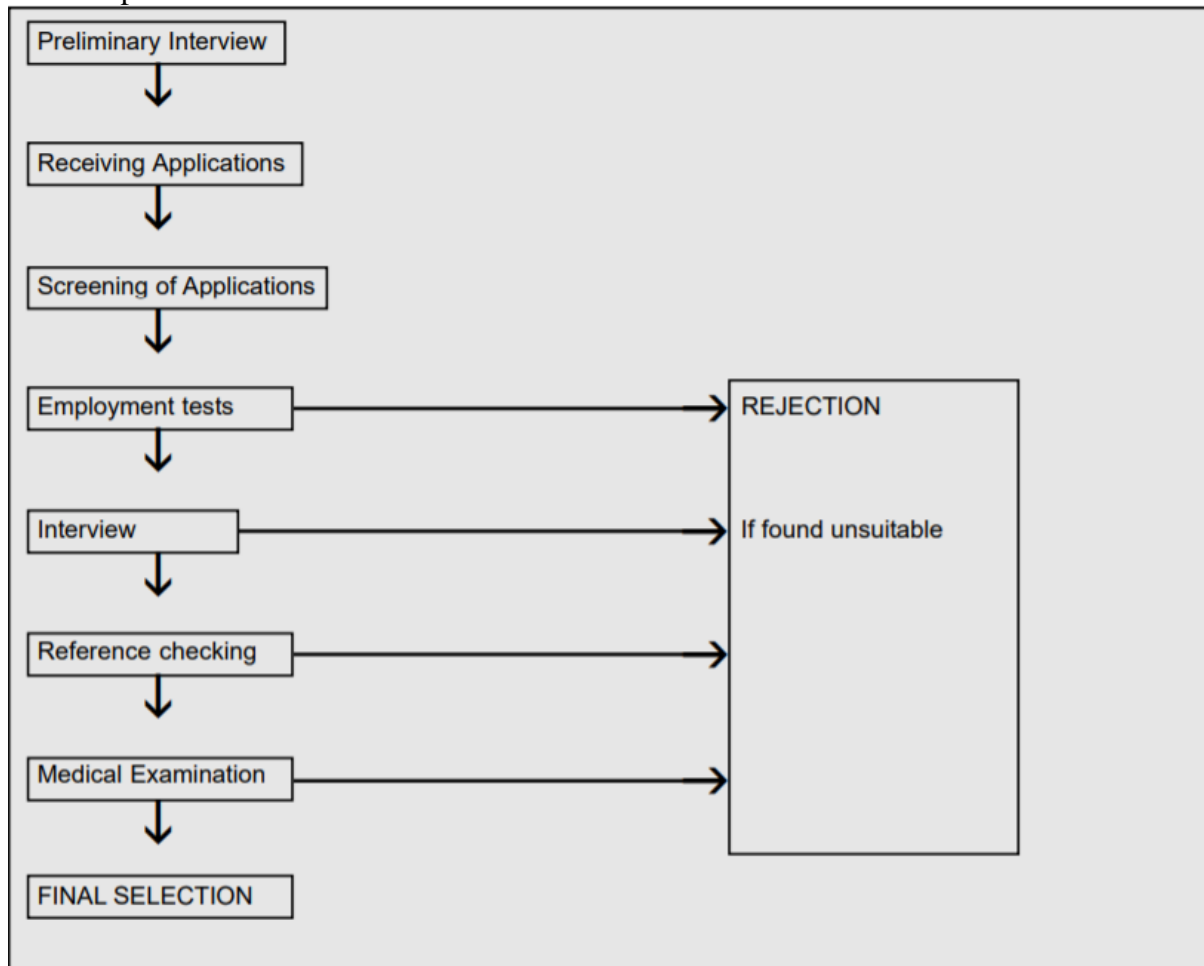
11. Other Sources:

Apart from these major sources of external recruitment, there are certain other sources which are exploited by companies from time to time. These include special lectures delivered by recruiter in different institutions, though apparently these lectures do not pertain to recruitment directly.

Selection Process

The selection process can be defined as the process of selection and shortlisting of the right candidates with the necessary qualifications and skill set to fill the vacancies in an organisation.

Mind map



Preliminary Interview

This is a very general and basic interview conducted so as to eliminate the candidates who are completely unfit to work in the organisation. This leaves the organisation with a pool of potentially fit employees to fill their vacancies.

Receiving Applications

Potential employees apply for a job by sending applications to the organisation. The application gives the interviewers information about the candidates like their bio-data, work experience, hobbies and interests.

Screening Applications

Once the applications are received, they are screened by a special screening committee who choose candidates from the applications to call for an interview. Applicants may be selected on special criteria like qualifications, work experience etc.

Employment Tests

Before an organisation decides a suitable job for any individual, they have to gauge their talents and skills. This is done through various employment tests like intelligence tests, aptitude tests, proficiency tests, personality tests etc.

Employment Interview

The next step in the selection process is the employee interview. Employment interviews are done to identify a candidate's skill set and ability to work in an organisation in detail. Purpose of an employment interview is to find out the suitability of the candidate and to give him an idea about the work profile and what is expected of the potential employee. An employment interview is critical for the selection of the right people for the right jobs.

Checking References

The person who gives the reference of a potential employee is also a very important source of information. The referee can provide info about the person's capabilities, experience in the previous companies and leadership and managerial skills. The information provided by the referee is meant to be kept confidential with the HR department.

Medical Examination

The medical exam is also a very important step in the selection process. Medical exams help the employers know if any of the potential candidates are physically and mentally fit to perform their duties in their jobs. A good system of medical check-ups ensures that the employee standards of health are higher and there are fewer cases of absenteeism, accidents and employee turnover.

Final Selection and Appointment Letter

This is the final step in the selection process. After the candidate has successfully passed all written tests, interviews and medical examination, the employee is sent or emailed an appointment letter, confirming his selection to the job. The appointment letter contains all the details of the job like working hours, salary, leave allowance etc. Often, employees are hired on a conditional basis where they are hired permanently after the employees are satisfied with their performance.

Difference Between Recruitment and Selection

1. Recruitment, as the name implies, centers on finding candidates and making them apply for the said vacancy voluntarily. Selection, on the other hand, means picking up only the best candidate that matches the job requirements.
2. Recruitment aims to invite as many candidates as possible for the job, whether qualified or not. Selection, on the other hand, aims at targeting the eligible candidates. The unsuitable ones are therefore not considered.
3. Recruitment is a positive process while selection is a negative one. In other words, recruitment encourages any job seeker to apply while during the selection process, the hiring manager rejects unsuitable candidates.
4. Recruitment is quite simple, while the selection process is usually more complex. During recruitment, the recruiter or HR manager does not consign his or herself with scrutinizing

candidates. The only major concern or role is to indicate that there is an opening in the company and encourage those interested in applying. But in the selection process, the HR manager wants to know every single detail of candidates who applied for the job. That's the reason selection is usually complicated. The human resource manager or recruiter checks the background, qualification, experience and other criteria before hiring.

5. Recruitment is quite inexpensive. In other words, companies do not spend much money during this process. But the reverse is the case for the selection process. In short, the selection process is more expensive, not only time-consuming and demanding.

6. Recruitment is very straightforward. And as a matter of fact, no contractual agreement is established between the employer and employee at this point. The employer does not even know the candidates too well at this stage and considers the position open until the selection process begins. But in the case of selection, a contractual agreement between the employer and employee is established.

7. The recruitment process is simple for both employers and applicants. Employees don't have to cross many hurdles, while employers don't waste too much time during this process. But the selection process is different. It's also a complicated and challenging process for both employers and applicants. Applicants have to cross many hurdles to secure the position.

Definition of Training:

Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization acquire and apply the knowledge, skills, abilities, and attitudes needed by a particular job and organization.

Specifically the need for training arises because of following reasons:

1. Environmental changes:

Mechanization, computerization, and automation have resulted in many changes that require trained staff possessing enough skills. The organization should train the employees to enrich them with the latest technology and knowledge.

2. Organizational complexity:

With modern inventions, technological up gradation, and diversification most of the organizations have become very complex. This has aggravated the problems of coordination. So, in order to cope up with the complexities, training has become mandatory.

3. Human relations:

Every management has to maintain very good human relations, and this has made Training as one of the basic conditions to deal with human problems.

4. To match employee specifications with the job requirements and Organizational needs:

An employee's specification may not exactly suit to the requirements of the job and the organization, irrespective of past experience and skills. There is always a gap between an employee's present specifications and the organization's requirements. For filling this gap training is required.

TYPES OF TRAINING

Types of Training:

Various types of training can be given to the employees such as induction training, refresher training, on the job training, vestibule training, and training for promotions.

Some of the commonly used training programs are listed below:

1. Induction training:

Also known as orientation training given for the new recruits in order to make them familiarize with the internal environment of an organization. It helps the employees to understand the procedures, code of conduct, policies existing in that organization.

2. Job instruction training:

This training provides an overview about the job and experienced trainers demonstrates the entire job. Addition training is offered to employees after evaluating their performance if necessary.

3. Vestibule training:

It is the training on actual work to be done by an employee but conducted away from the work place.

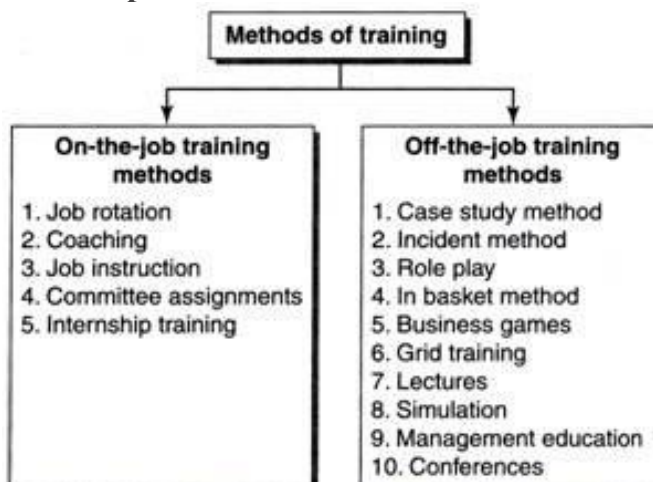
4. Refresher training:

This type of training is offered in order to incorporate the latest development in a particular field. This training is imparted to upgrade the skills of employees. This training can also be used for promoting an employee.

5. Apprenticeship training:

Apprentice is a worker who spends a prescribed period of time under a supervisor.

Mind map



Methods of Training: On-the-job Training Method and Off-the-Job Methods

On-the-job training methods are as follows:

1. Job rotation:

This training method involves movement of trainee from one job to another gain knowledge and experience from different job assignments. This method helps the trainee understand the problems of other employees.

2. Coaching:

Under this method, the trainee is placed under a particular supervisor who functions as a coach in training and provides feedback to the trainee. Sometimes the trainee may not get an opportunity to express his ideas.

3. Job instructions:

Also known as step-by-step training in which the trainer explains the way of doing the jobs to the trainee and in case of mistakes, corrects the trainee.

4. Committee assignments:

A group of trainees are asked to solve a given organizational problem by discussing the problem. This helps to improve team work.

5. Internship training:

Under this method, instructions through theoretical and practical aspects are provided to the trainees. Usually, students from the engineering and commerce colleges receive this type of training for a small stipend.

The following are some of the off-the-job techniques:

1. Case study method:

Usually case study deals with any problem confronted by a business which can be solved by an employee. The trainee is given an opportunity to analyse the case and come out with all possible solutions. This method can enhance analytic and critical thinking of an employee.

2. Incident method:

Incidents are prepared on the basis of actual situations which happened in different organizations and each employee in the training group is asked to make decisions as if it is a real-life situation. Later on, the entire group discusses the incident and takes decisions related to the incident on the basis of individual and group decisions.

3. Role play:

In this case also a problem situation is simulated asking the employee to assume the role of a particular person in the situation. The participant interacts with other participants assuming different roles. The whole play will be recorded and trainee gets an opportunity to examine their own performance.

4. In-basket method:

The employees are given information about an imaginary company, its activities and products, HR employed and all data related to the firm. The trainee (employee under training) has to make notes, delegate tasks and prepare schedules within a specified time. This can develop situational judgments and quick decision making skills of employees.

5. Business games:

According to this method the trainees are divided into groups and each group has to discuss about various activities and functions of an imaginary organization. They will discuss and decide about various subjects like production, promotion, pricing etc. This gives result in co-operative decision making process.

6. Grid training:

It is a continuous and phased programme lasting for six years. It includes phases of planning development, implementation and evaluation. The grid takes into consideration parameters like concern for people and concern for people.

7. Lectures:

This will be a suitable method when the numbers of trainees are quite large. Lectures can be very much helpful in explaining the concepts and principles very clearly, and face to face interaction is very much possible.

8. Simulation:

Under this method an imaginary situation is created and trainees are asked to act on it. For e.g., assuming the role of a marketing manager solving the marketing problems or creating a new strategy etc.

9. Management education:

At present universities and management institutes gives great emphasis on management education. For e.g., Mumbai University has started bachelors and postgraduate degree in Management. Many management Institutes provide not only degrees but also hands on experience having collaboration with business concerns.

10. Conferences:

A meeting of several people to discuss any subject is called conference. Each participant contributes by analysing and discussing various issues related to the topic. Everyone can express their own view point.

PERFORMANCE APPRAISAL

Performance appraisal is a systematic evaluation of the employee's present job capabilities and also his potential for growth and development by his superiors. It can be either informal or formal. The informal appraisals are unplanned while formal appraisal system is set up by the organisation to regularly and systematically evaluate employee performance. It reduces the chance of bias and snap judgment but bound to yield better result.

Need For Performance Appraisal:

Performance appraisal is needed for the following reasons.

Evaluation of an employee's performance helps to take management decisions on features of performance appraisal:

1. Evaluation of an employee's performance helps to take management decisions on transfers, promotions, increments etc.
2. Performance appraisal helps to ascertain the training and development needs of the employer.
3. Performance appraisal or an individual's performance evaluation helps in designing the reward system.
4. The feedback provided after evaluating the performance of an individual acts as a motivator.
5. The Performance appraisal acts as a validation of the selection procedure.

Important questions

Explain different sources of recruitment?

What is selection? State different steps involved in selection?

What is performance appraisal, why it is essential?

What is training?

What are different types of training?

Describe different methods of training?

Chapter 9

Industrial Sickness

Industrial sickness usually refers to a situation when an industrial firm performs poorly, incurs losses for several years and often defaults in its debt repayment obligations. The Reserve Bank of India has defined a sick unit as one “which has incurred a cash loss for one year and is likely to continue incurring losses for the current year as well as in the following year and the unit has an imbalance in its financial structure, such as, current ratio is less than 1: 1 and there is worsening trend in debt-equity ratio.” The State Bank of India has defined a sick unit as one “which fails to generate an internal surplus on a continuous basis and depends for its survival upon frequent infusion of funds.”

Nature of Sickness:

Sickness in industry can be classified into:

- (a) Genuine sickness which is beyond the control of the promoters of the concern despite the sincere efforts by them,
- (b) Incipient sickness due to basic non-viability of the project, and
- (c) Induced sickness which is due to the managerial incompetence and wrong policies pursued deliberately for want of genuine stake.

This is a man-made sickness in which some unscrupulous promoters adopt fraudulent practices to start a concern and to get away with the money obtained by fraud and deceit. The FICCI study entitled ‘Industrial Sickness — Dimensions and Perspectives’ says that the causes of sickness are both internal and external, often operating in combination. External factors are government policies on pricing, duties, taxes, high interest rates, taxes on profit, slackness in demand, sluggishness in export markets, high labour cost, inadequate availability of inputs, lack of infrastructure and the like. The internal factors which contribute to sickness are wrong planning in relation to location, technology, capital cost, technological obsolescence, management deficiencies and industrial unrest.

We explain below these external and internal factors in some detail.

External Factors:

The following are some of the external factors causing industrial sickness:

(i) General Recessionary Trend:

Sometimes a general depression hits industrial units. This is reflected in lack of demand for industrial products in general. An overall slowdown in economic activities affects the performance of individual projects. Improper demand estimation for the products to project lands the industrial units in difficulties.

(ii) High Prices of Inputs:

When the costs of manufacture are high and sales realisation low, the industrial unit cannot stand in the market. This happens when the prices of inputs such as price of fuel such as petroleum during energy crisis goes up whereas the competitive forces keep down the prices of the products.

(iii) Non-Availability of Raw Materials:

When the supplies of raw materials are not available regularly or in good quality, the industrial units are bound to be in trouble. This often occurs in case of supply of imported raw materials.

(iv) Changes in Government Policies:

The industrial sickness is also caused by certain changes in policy designs of the government. These frequent changes affect the long-term production, financial and marketing planning of an industrial unit. Changes in Government policies regarding imports, industrial licensing, and taxation can make viable units sick. For example, liberal import policy since 1991 has rendered many small-scale industrial units sick.

(v) Infrastructure Bottlenecks:

Often the infrastructure difficulty is responsible for industrial sickness. No industrial unit can survive prolonged transport and power bottlenecks.

Internal Factors:

The following are the important internal factors which are often responsible for industrial sickness:

(i) Project Appraisal Deficiencies:

The industrial unit becomes sick when the unit has been launched without a comprehensive appraisal of economic, financial and technical viabilities of the project.

(ii) Industrial Unrest and Lack of Employee Motivation:

When there is labour discontent, no industrial unit can function smoothly and efficiently. When labour lacks motivation no good results can be expected and this results in sickness and non-viability of several industrial units.

(iii) Wrong Choice of Technology:

If the promoters use wrong technology, results are bound to be unsatisfactory. Many industrial units, especially in the small-scale sector, do not seek professional guidance in installing the correct machinery and plant. If the machinery and plant installed turn out to be defective and unsuitable, they are bound to suffer losses and become sick and non-viable.

(iv) Marketing Problems:

The industrial unit becomes sick due to product obsolescence and market saturation. The industrial unit becomes sick when its product-mix is not attuned to the consumers' demand.

(v) Wrong Location:

If the location of an industrial unit happens to be defective either from the point of the market or the supply of inputs, it is bound to experience insurmountable difficulties.

(vi) Lack of Finance:

Inadequate financial arrangements or in the absence of timely financial aid an industrial unit is bound to come to grief. It will not be able to withstand operational losses.

(vii) Improper Capital Structure:

If capital structure proves to be unsound or unsuitable especially on account of delayed construction or operation, it will result in cost overruns or unduly large borrowing and create financial trouble for the unit concerned.

(viii) Management Deficiencies:

The biggest cause of industrial sickness is the managerial inefficiency. Lack of professional management or experienced management and the existence of hereditary management is an important cause of industrial sickness. Inefficient management results in inability to perceive things in proper perspective devoid of routine considerations. Inefficient management is also unable to build up good team and inspire confidence for an organised collective effort and takes autocratic and high-handed decisions.

Following are remedies

(a) The administrative ministries in the Government will have specific responsibility for prevention and remedial action in relation to sickness in industrial sector within their respective charges. They will have a central role in monitoring sickness and coordinating action for revival and rehabilitation of sick units. In suitable cases, they will also establish standing committees for major industrial sectors where sickness is widespread;

(b) The financial institutions will strengthen the monitoring system so that it is possible to take timely corrective action to prevent incipient sickness. They will obtain periodical returns from the assisted units and from the Directors nominated by them on the Boards of such units. These will be analysed by the Industrial Development Bank of India and results of such analyses conveyed to the financial institutions concerned and the Government.

(c) The financial institutions and banks will initiate necessary corrective action for sick or incipient sick unit based on a diagnostic study. In case of growing sickness, the financial institutions will also consider taking of management responsibility where they are confident of restoring a unit to health. The Ministry of Finance will have to issue suitable guidelines for management;

(d) Where the banks and financial institutions are unable to prevent sickness or ensure revival of a sick unit, they will deal with their outstanding dues to the unit in accordance with the normal banking procedures. However, before doing so, they will report the matter to the Government which will decide whether the unit should be nationalised or whether any other alternative- including workers' participation in management— can revive the undertaking.

(e) Where it is decided to nationalise the undertaking, its management may be taken over under the provisions of the Industries (Development and Regulation) Act, 1951, for a period of six months to enable the Government to take necessary steps for nationalisation.

(f) Finally the industrial undertakings presently being managed under the provisions of the Industries (Development and Regulation) Act, 1951, will also be dealt with in accordance with the above principles.

Important questions

- 1** What is industrial sickness?
- 2** What are the internal and external causes of industrial sickness?
- 3** What are the remedial steps for industrial sickness?

Chapter 10

Industrial legislation

STATUTORY PROVISIONS CONCERNING HEALTH

Cleanliness

Every factory shall be kept clean and free from effluvia arising from any drain, privy, or other nuisance. Accumulation of dirt refuse shall be removed daily by some effective method. The floor of every workroom shall be cleaned at least once in every week by washing, using disinfectants, where necessary, or by some effective method.

Ventilation and Temperature

Effective and suitable provisions shall be made in every factory for securing and maintaining in every workroom- (a) Adequate ventilation by the circulation of fresh air, and (b) Such temperature which well secures the workers therein with reasonable conditions of comfort and prevents injury to health

Lighting

An every part of a factory where workers are working or passing there shall be provided and maintained sufficient and suitable lighting, natural or artificial, or both.

Drinking Water

In every factory, effective arrangements shall be made to provide and maintain at suitable points conveniently situated for the all workers employed therein a sufficient supply of wholesome drinking water.

Latrines and Urinals

In every factory, separate enclosed accommodation of latrines and urinals of prescribed types of male and female workers shall be provided for. Such accommodation shall be conveniently situated and accessible for workers at all times

STATUTORY PROVISIONS CONCERNING SAFETY

Fencing of Machinery

In every factory, every dangerous part of each machinery shall be securely fenced by safeguards of substantial construction which shall be constantly maintained and kept in position while the parts of machinery they are fencing are in motion or in use.

Work On or Near Machinery in Motion

Where in any machinery, it becomes necessary to examine any part while the machinery in motion. Such examination shall be made only by a specially trained adult workers wearing tight fitting clothing

Lighting Machines, Chains, Ropes and Lifting Tackles

In every factory, cranes and other lifting machines (and every chain, rope and lifting tackle for the purpose of raising or lowering persons, goods or materials) shall be of good construction, sound material, and adequate strength, free from defects and properly maintained.

Protection of Eyes

In every factory, screen or suitable goggles shall be provided for the protection of persons employed on, or in immediate vicinity of, mechanical or other processes which involves any danger or injury to the workers' eyesight.

Precautions Against Dangerous Fumes

No person shall be required or allowed to any chamber, tank, vat, pit, pipe, flue or other confined space in any factory in which any gas, fume, or dust is likely to be present to such an extent as to involve risk to persons being overcome thereby, unless it is provided with a manhole of adequate size or other effective means of egress.

Safety Officers

In every factory (i) wherein 1,000 or more workers are ordinarily employed, or (ii) wherein, in the opinion of the State Government, any manufacturing process or operation is carried on, which process or operation involves any risk of bodily injury, poisoning or disease, or any other hazard to health, to the process employed in the factory, the occupier shall, if so required by the State Government by notification in the Official Gazette, employ such number of Safety Officers as may be specified in that notification.

STATUTORY PROVISIONS CONCERNING WELFARE

For the employee, welfare measures help to counteract the negative effect of the factory system. These measures enable the employee and his family to lead a good life. Welfare facilities like free accommodation, free children education, free transport, crèche, rest room, first aid box, ambulance, free medical, and canteen etc. For the employer, welfare measures lead to higher morale and productivity of labour.

These provisions are as follows:

Separate Facilities for washing for male and female workers

Facilities for keeping and drying clothes

Facilities for first-aid

Shelters, rest rooms and lunch rooms etc.

STATUTORY PROVISIONS CONCERNING WORKING CONDITIONS

The efficiency of an employee depends, to a great extent, on the environment in which he works. Work condition consists of all the factors which act and react on body and mind of an employee. According to psychology the physical, mental and social conditions to which people work are analyzed to suggest improvements in them. If the working condition is congenial, fatigue, monotony and boredom are minimized, and work performance and morale can be maximized. Working conditions are the actual conditions under which workers perform their work. In this study working conditions are determined by working hours, number of weekly working days and weekly holiday, leave with wages facilities, compensatory holidays, overtime wages, bonus, provident fund and employees state insurance benefits.

Working hours:

According to the Factories Act, 1948, under section 51, the workers should not be allowed to work in a factory for more than 48 hours in a week.

Number of weekly working days and weekly holiday:

As per the provision of the factories act, 1948, under section 52, every worker in a factory should be allowed to work only 6 days in a week.

. Leave with wages facilities

Compensatory holidays ,Overtime wages, bonus

Provision of women employment

The Act also restricts the hours of work, provides for overtime and spread of working hours, and employment of young persons and women.

In general, the act prohibits employment of women in night shift. The Act has been recently amended to allow work in night shift by women in certain sectors including the Special Economic Zone (SEZ), IT sector and Textiles. This is subject to the condition that the employers shall be obligated to provide adequate safeguards in the workplace, equal opportunity, their transportation from the factory premises to the nearest point of their residence.

The Act indirectly bans employment of women workers on or near machineries in motion. It lays down that where in any factory it becomes necessary to examine any part of machinery referred to in Section 21, while the machinery is in motion, such examination shall be carried out only by a specially trained adult male worker.

The Act makes provision for maternity leave with wages for expecting mothers for a maximum period of 12 weeks.

The Act provides that every factory with more than 30 women employees shall provide and maintain suitable room/s and feeding breaks and free milk or refreshment or both for children below 6 years for these women.

Duties & responsibilities Inspector of Factories

An inspector may within the local limits for which he is appointed:-

- Enter with such assistants, being person in the service of the Government or any local or other public authority (or with an expert) as he thinks fit, any place which is used, or which he has reason to believe is used as a factory.
- Make examination of premises, plant, machinery articles or substances.
- Inquire in to any accident or dangerous occurrences.
- Require the production of any prescribed registers.
- Seize or take copies of any registers, record or other document as he considers necessary in the enforcement of the legislation.
- Take measurement and photographs, record statement and to seize any article or any substance found in any premises which appears to him as having caused or likely to cause danger to the health or safety of other workers.
- Issue prohibitory orders in case of any imminent danger at the factory site.
- Prosecute conduct or defend before a court any complaint or other proceeding arising under the Act or in discharge of his duties as an Inspector.
- Enforce the provisions envisaged under the Child Labour (P & R) Act, 1986 since they have been notified under Section 17 of the said Act.

Employees Compensation Act

Every employee needs a secured job and wants to get compensation for the expenses he has incurred. This is a requirement that needs to be fulfilled by the company whether it is small scale or large scale. The “Employees Compensation Act, 1923” is an Act to provide payment in the form of compensation by the employers to the employees for any injuries they have suffered during an accident. Earlier this Act was known as the Workmen Compensation Act, 1923. When the employer is not liable to pay compensation-

If the injury does not end in the entire or partial disablement of the employee for a period exceeding three days.

If the injury, not leading in death or permanent total disablement, is caused by an accident which is directly attributable to:

- The employee having at the time of the accident is under the influence of drink or drugs;
- The willful disobedience of the employee to an order if the rule is expressly given or expressly framed, for the purpose of securing the safety of employees; or
- The willful removal or disregard by the employee of any safety guard or other device which has been provided for the purpose of securing the safety of employees.

Who will be receiving the compensation on behalf of the deceased?

- A widow or a minor who is a legitimate son or unmarried daughter or a widowed mother is entitled to compensation;
- If the family of the deceased is wholly dependant on the earnings of the employee at the time of his death or a son or daughter who has attained the age of eighteen years;
- A widower;
- A parent other than a widowed mother;
- A minor illegitimate son, an unmarried illegitimate daughter or a daughter legitimate or illegitimate or adopted if married and a minor or if widowed and a minor;
- A minor brother or an unmarried sister or a widowed sister if a minor;
- A widowed daughter-in-law;
- A minor child of a predeceased son;
- A minor child of a predeceased daughter where no parent of the child is alive, or;
- A paternal grandparent if no parent of the employee is alive.

