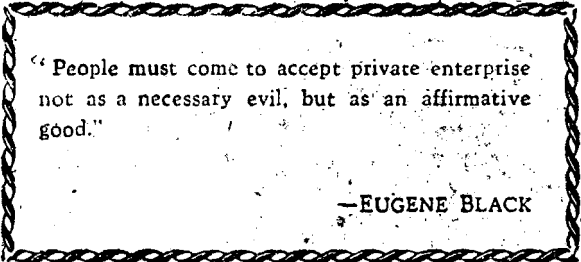


PRODUCTIVITY AND QUALITY OF WORK LIFE

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“ People must come to accept private enterprise
not as a necessary evil, but as an affirmative
good.”

—EUGENE BLACK

PRODUCTIVITY AND QUALITY OF WORK LIFE

A. N. HAKSAR *

While physical and material well-being are most important and cannot be ignored, they represent stepping stones (and even, perhaps, pre-requisites) to the far more satisfying but non-quantifiable human aspirations identified by psychologists as power (not to be confused with political ambition but related to opportunity and decision making), achievement, ego and people association. To test this, the honest and objective person need only ask himself what he or she wants above the primary struggle for existence and the comforts of living that flow therefrom. However, before it is possible to examine the "Concomitants" such as "Quality of Work Life", it would, perhaps, be desirable to attempt a common understanding and a "Conceptual Vision" of the meaning of Productivity itself. This is imperative as the word Productivity, although a part of common vocabulary, has as many different meanings and interpretations as the word Socialism with its vast spectrum of colours ranging from light pink on one side of the scale to blood red at the other end. Empirical evidence tends to indicate that the generic term Productivity has highly subjective interpretations depending upon what the entrepreneur or Manager is seeking at a given moment of time influenced largely by where the shoe is pinching him. While such an approach may be acceptable to Palmerston's policies in which "England has

* Mr. Haksar is Chairman of India Tobacco Company, and is known for his innovative work in the field of management. This is the text of the Murarji Vaidya Memorial Lecture delivered in Bombay on 12th January 1979 under the joint auspices of the Bombay Productivity Council and the Murarji J. Vaidya Memorial Trust, and is published with grateful acknowledgement to these two institutions.

no permanent friends; she has only permanent interests" it is hardly appropriate in non-political and objective economic activity.

Entrepreneurs and professional Managers alike, and even those responsible for personnel, normally relate productivity to the contribution and output of men, whereafter, as though wearing blinkers, make a further dichotomy confining the relationship to labour letting management off scotfree. The technical man, having abdicated his responsibility towards men to personnel is more interested in the machines and their efficiency, producing large capital budgets if they do not produce what he expects. Then comes the Purchase Manager who is interested only in materials and transfers poor yields to his colleagues in technical and personnel responsibilities. Finally, the accountant, free from any accountability despite his designation, thinks that his concern, "money", has an in-built Midas touch mechanism and, although, made from alloys should turn to gold if only everyone else did the right things. And, ultimately, when each of these several approaches are brought together with the chips down, the coordinated panacea decided by the boss is directed towards either cost consciousness or profit consciousness finding expression in an economy drive throughout the organisation down the vertical ruts of the different disciplines functioning in the business. This drive normally starts with a bang and with time taking its toll dies with a whimper.

A hard look in almost any organisation will show, by and large, that there are a multitude of ways in which productivity is understood and appreciated, that these tend, more often than not, to be departmentalised and, consequently, the generic word productivity is mutilated into smaller segments which, by their very nature, result in a restricted view of the problem. Thus, there would appear to be a need for evolving a conceptual vision with which to approach productivity and synthesising it into a fundamental economic

parameter whereby every element playing a part towards productivity can be inter-related and seen as a whole contributing to the achievement of or improvement of the planned economic results required; for which purpose productivity was conceived and given birth.

I shall describe just one approach (by no means exclusive or the best) of a conceptual vision which replaces the multitudinally interpretive word productivity, concentrating instead on the results thereof in a single cohesive dimension. Firstly, let us confine ourselves strictly to industry and its related necessary economic results. Secondly, productivity in abstract has no meaning, its sole purpose is economic in the short and longer term, the latter period being the humanising imperative. Thirdly, there are severe dangers, particularly in the longer term, of achieving productivity through either cost consciousness or profit consciousness; who cannot economise by not ploughing back into the business or not maintaining plant, equipment, morale, etc. and who cannot improve short-term profit results by over-charging or skimping on the product. And lastly, that the required economic result, profit, surplus, call it what you will, has two components. The first is that which is entirely *within* the industry and/or business and entirely under the control of *all the people* individually and jointly, without any differentiations, involved in the activity basically generating COST, QUANTITY AND QUALITY. The other is that element which is outside the industry or business, is in the marketplace, and is influenced considerably by external uncontrollable factors such as consumer needs and capability, competition, environmental aspects like duties and taxation, costs of living, rates of interest, resource availability and a host of other constraints such as power and transportation, to name only two.

The Proposition is to substitute the segmented varied vision of productivity by a unified concept that the economic

result is the sum total of internal profit (within the business) and external profit (from the marketplace), that the former replaces productivity, aiding the managing of the external uncontrollable factors, and is the base, without which, the external profit arising from an "exchange of goods and services" is either not possible or is inefficient. There are several advantages in the concept of internal profit as opposed to productivity and, on depth examination, it will be found that all of them are related, in one way or another, to people, thus having a human side moving towards the fundamental organisational aspects relating to "The Quality of Work Life".

Firstly, in the pursuit of productivity the walls of departmentalisation are broken down and with the rubble largely removed the throwing of brickbats is controlled. Secondly, the attention of all the people/men/women in the activity is focussed on the primary purposes of the organisation—Profit—Growth—Survival—without which none can prosper. Thirdly, the "we" and "they" syndrome of management and labour is substituted by the common organisational economic objective from the lowliest to the top; even the unlettered emphasising their self-interest can be oriented and committed to recognising which goose will lay the golden eggs that can be shared. Fourthly, no single contributing element of productivity is singled out in isolation as all elements must play a part resulting in the tempering or elimination of suspicions and accusations between the various sides of the business and the various rungs in the people pyramid structure. Fifthly, using Rudyard Kipling's saying "I keep six honest serving men (they taught me all I know). Their names are what and why and when and where, and who and how" all but how are retired reducing areas of conflict, or alleged discrimination and particularly WHO'S PRODUCTIVITY with attention diverted to scientifically assessable and numerate business needs.

I have proposed banishing the word "Productivity" and crowning "Internal Profit" as the successor, to enable concentration on the results of productivity which, like a body of water, are made up of drops, streams and rivers from different sources all flowing to the same reservoir. Furthermore, I have suggested that such a concept pinpoints to the "HOW" of achieving the essential "internal profit" through the common cause of all involved in the activity; when all are contributing even Shylock will dip his hand in his pocket.

The definition of productivity, now transformed into internal profit is: "The production of goods and services (fulfilling a want) at the lowest cost possible, below that of the competitors, in a quality that the existing and potential consumers will prefer to all other competitive offers, capable of achieving the desired economic objective at the lowest price possible, below that of the competitors, with built-in uniqueness capable of commanding a willing premium from the customer; all this in the short and long term with emphasis on the latter." This definition eschews the anachronistic approach of "maximising profits" injecting the philosophy expressed before in the following words: "I must, therefore, in the first instance, disabuse you of any idea that the profit motive is the only central inspiration We are concerned with profits (in the short and the long term) as the true measure of our performance—that we have maintained the organisation in sound financial condition and have obtained for the shareholders a proper return on their investment representing a fair reward for the contribution made. But we are also concerned with the well-being of the organisation in its 'totality' as industry is an organ of society specifically charged with the responsibility of organised economic advance through making resources productive.....". Conflicts involved over productivity amongst all involved in generating the internal profit and the efficient satisfaction of consumer wants are unlikely to be resolved through common understanding in the absence of a profit policy.

Coming now to the HOW of generating internal profit, i.e., productivity, it is necessary to identify the elements that are related to "..... the responsibility of organised economic advance through making resources productive".

We have identified seven basic resources as the 4 Ms—Men (without distinctions of religion, industries, caste or creed), Money, Machines, Materials—and the other three as Real Estate, Time and Ideas. To make this memorable the anagram, with considerable poetic licence in spelling, of the first letter of the seven resources is oddly enough REMMITEMM and, as such, appropriate to the responsibility to be discharged to the shareholders who make the activity possible. To make these identified resources productive requires the assembling, harnessing and integrated application of people, research, technology and specific product/service expertise. These aspects of the HOW need then to be coordinated with what might be termed as the Organisational 4 Ps—People—Practices—Profits—Policies.

If what has been said so far makes any sense at all, and is worthy of trial, then the next stage of translating into practical reality the "Concept of Internal Profit" and making use of Kipling's remaining serving man "How" becomes an easier task although much more time consuming. There are four preliminary but essential stages. Firstly, attitudes (of the company and people in it) require to be conditioned to accept the concepts and thereby be committed to them; after all, lip service does not help anyone and authority can be subverted in a dozen ways. This is a process of patient education spearheaded by the company top team working in unison with one voice and proving demonstrably that managers and non-managers are helping themselves to achieve more efficiently. Secondly, the working climate in the company, or organisational culture as it is termed, has to be changed to being open, merit and performance oriented and the concept must be perceived as a "managing for

results" methodology rather than a personalised accounting exercise. The openness requires sharing with all the people (with no distinctions between management and non-management) the economic objectives and an analysis of these and their specific role in it. The culture, rather than being a family which tends to become a social club, should revolve around the purposes of profit, growth and survival. Thirdly, an appropriate strategy of organisation and the specific structuring within it has to be evolved as this aspect has deep implications on both productivity and "The Quality of Working Life". There is evidence to show that when the branch of a tree is lopped off (as happens with cost consciousness) the resilience of the plant results in two new shoots appearing where there was only one limb. Fourthly, departmentalisation must not be allowed to rear its ugly head and all the people must "push" or "pull" in the same direction. It will be noticed that the initiation, maintenance and the burden of implementation starts with the top management and that at no stage are those working in the organisation categorised or "cadreised".

Once the conditions are right with reaching the preliminary stages, there remains the need to ensure that the "pulling" and "pushing" by all in the same direction is achieved and maintained through appropriate management policies, practices and procedures so that generating productivity in the form of "internal profit" becomes an ingrained way of life throughout the company. This is possible through formalised methodology which is such that it is scientifically NUMERATE based on scientifically analysed criteria and "targets" (always keeping the ideal as the longer term goal) and is, at all times, cohesive in the single dimension of internal profit.

An acceptable and, perhaps the most potent vehicle, is planning in the perspective, long term and tactical or operating. It must, however, be recognised that planning is

NOT an accounting figure exercise but rather the translation of human endeavour to "Make Things Happen" and not just projection or interpolation. It must involve all to be human and, again, become a way of working life and used in a way that inherent in it are the cardinal aspects of delegation, coordination, accountability, control and commitment. Used in this manner and taken to its logical conclusion, such planning becomes the central core of operating, reviewing performance and, above all, communications in numerate terms right through the organisation; indeed, in the ideal all correspondence, memos, copies of letters, etc. "within" the organisation should be eliminated and this "planning" formalised communication supported only with informal inter-face discussion. Ultimately, "the concept of internal profit and the How of it" can be made an integral part of the planning package in replacement of the standard, figurative and accounting exercise called the revenue expenditure budgets. The "internal profit plan" and its detailed formulation must necessarily be appropriate to each organisation. What is common is that it must be meticulous, it must be as detailed as possible breaking down "productivity areas" into the minutest elements and on each of these the question to ask is "How can I make happen productivity and therefore internal profit" bearing always in mind the definition of the concept. Thereafter, it does not take very long for even separate vested interests to realise that this can aid the buttering of their bread and that no physical or human element is isolated or alone required to be more productive.

Turning now to the "Quality of Work Life" it seems desirable, as with the "vision of productivity", to have a "vision of people" and what makes them tick. Indeed, to look at productivity detached from people is meaningless. For, in the ultimate analysis, all endeavour, economic activity and increasing resource yields through internal profit are in Lincoln's language "..... of the people, by the people, for

the people" specifically providing benefits to the people and public good; albeit, in varying degrees, on the principle of each obtaining a return commensurate with his contribution and investment subject, at all times, to some minimum norms that can be afforded by the people and public collectively.

Even if this people philosophy is not acceptable to some or all, there can be no quarrel with the proposition that "nothing can happen or be made to happen" without people in any organisation composed of directors, managers of varying seniority, supervisors, superintendents, foremen, labour, etc., depending upon the manning structure of any company. It follows, therefore, that humans are an organisation's most valuable asset. If this is agreed then it is logical that, taking even a hard-nosed approach and wanting productivity of this valuable asset, there requires to be an understanding of people—human beings—their needs, wants, desires, aspirations as the progressive fulfilment of these is what makes them tick and particularly so in the context of "Working Life".

Towards such understanding, there is the need for acceptance of beliefs proven by empirical evidence. These are, firstly, that in our world of reality people are different from one country to another conditioned by the multitudinous milieu of the retrospect. In India, therefore, we must strive to understand Indians and not believe that the specifics of fundamental principles taken out of the evidence of other peoples will apply equally here. This requires meaningful investigation and concerted research. Secondly, they are the best source of knowing what they want and the type of "Working Life" they require to be optimally productive; many have fallen by the wayside holding to the belief that humans do not know themselves or that the consumer does not know what he wants. Thirdly, that differences in basic aspirations, albeit in varying degrees, amongst different strata are artificial crutches. Fourthly, communication is important to all. Fifthly, that the individual is ultimately the most

important and must not be forgotten in a summarisation of the asset. Lastly, and perhaps applicable as sole criteria to all people and human beings without strata differentiation, that in the "Work Life" context they have, exceptions apart, a positive approach. They seek opportunity, work, responsibility, accountability, etc., and, in the knowledge of what is required of them, have ambition to act, perform and achieve, whereafter they rightly want and deserve recognition and reward.

The task of achieving people productivity and through people better resource utilisation is, it seems, one of harnessing this positive force objectively and fairly to arrive at a business transaction between productivity and the cost of such productivity in both physical and psychological dimensions.

And now we come to the winning post for the race of hobby-horses in the colour of "..... Quality of Work Life". To begin with, a fundamental issue needs consideration. For some time now some economists, the world over, have come to regard investment in human capital as highly important. The word "investment" was traditionally associated with expenditure on physical and material inputs. The explosion of knowledge in the social sciences has now enabled a deeper insight; we know far more of the importance of the human capital in the development of nations and economies. There is empirical evidence which indicates real income, output and productivity increases have been much larger than warranted by the composite input of man-hours and capital stock. How then does one explain the greater return? What were the invisible investments? I found an answer to this some years ago, with which I have been increasingly enamoured, in Theodore W. Shultz's "Human Wealth and Economic Growth". Prof. Shultz pointed out that what was not specified previously as a part of resources was the "addition to the stock of human capital". As he observed: "It may be that these investments in ourselves are the very kinds

of capital that make the greatest return in terms of reward for our efforts". My own and the experience of my colleagues in business leads me to commend such investment to you.

Let me now be specific in completing the chain following the thinking and approach that has been proposed in pursuit of "internal profit" (productivity). Productivity cannot be viewed as a one-shot operation nor a single snapshot; equally, it cannot be treated on a "stop" and "go" basis. The objective must necessarily be a continuous and, indeed, daily (as a way of life) progression towards optimisation of all resources of which the human is both the key and the catalyst. I have earlier stated the need for emphasis in the longer term representing the People imperative. In Lincoln's language "You cannot fool all the people all the time"; nor is it fair to ask for human sacrifice on a permanent basis; other than when the nation is threatened by an enemy. Thus the importance and vital necessity for "The Quality of Work Life" that enables the results required; without this survival will certainly not be immortal.

Profit is vital for any organisation to function creating the surplus for growth without which after stagnation it cannot survive. The two streams of profit generation are internal and external; the former being synonymous with productive utilisation of resources. Productivity must result in internal profit which forms the foundation of organisational growth and effectiveness. Such organisational growth and effectiveness is equal to people's growth and effectiveness. Thus, once again, coming round in a circle, HUMAN MOTIVATION is essential to sustain internal profit (productivity). Such human motivation is bone, flesh and sinew of the "Quality of Work Life" that produces results.

To develop this "Quality of Work Life" concentrating on organisational interest in a cohesive single economic parameter there are pre-requisites. Firstly, there has to be an ENABLING climate in the company in which people

perform and achieve. Secondly, a willing contract between individuals, groups and the organisation for a *harmonisation and congruence* of the self and company objectives and Growth.

These pre-requisites will aid the development of a **WORK LIFE CULTURE** composed of: (1) creativity and innovation; (2) involvement and participation; (3) co-operation and synergy through which strength of people are maximised and directed to common tasks; (4) self-growth and enrichment of the responsibilities to provide for expression of the fullest individual potential; (5) excellence and pride in one's own role and work towards organisational excellence. In turn, such corporate excellence leads to efficient internal and external sources for an efficient profit leading to inevitable surpluses for growth.

What has been said above may well be considered the philosophy for an appropriate "Quality of Work Life". This has to be translated into practical reality and action. Without delving into a subject which deserves volumes in its own right, let it suffice to say that the medication is a mixture of: (1) organisational philosophy using the derivatives of knowledge from the two streams of the Physical and Social Sciences. (2) Strategy of organisation and its structuring and functioning. (3) Clear definition of the business. (4) Strategic policies. (5) Clarity of objectives. (6) Managing for results through planning. (7) Scientific and concerted programmes for organisational development. (8) Willing investment in people at all levels through continuous training and development. (9) A climate of meritocracy and (10) Fair and just recognition and reward based on an objective open system of assessment with norms of emoluments that attract the best people and then remunerate them in keeping with human dignity at all levels on the principle of "return on investment" earlier stated.

The views expressed in this booklet are not necessarily the views of the Forum of Free Enterprise

"Free Enterprise was born with man and shall
survive as long as man survives."

—A. D. SHROFF
(1899-1965)

Founder-President,
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390

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