

**ROLE OF MANAGEMENT IN
PRODUCTIVITY MOVEMENT**

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

**—Eugene Black
President, World Bank**

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Productivity Movement is rather of recent origin. In England it was only a post-war creation. In India the movement is just two years old. Our country is in the midst of its development plans, the energies and resources of the nation being concentrated on national progress and well-being. In this historical process of national development, Productivity has a special meaning and significance and indeed is an instrument of great purpose and value.

It is well-known that the country's internal resources, foreign exchange and all credits for that matter are fully stretched. At such a juncture in the history of the country the need for maximum productivity is all the more greater. It is in the national interest to obtain the maximum output from the available resources in the form of plant, machinery and manpower.

The Planning Commission estimates that the present annual growth in population is about 1.91%. Based on this estimate, the country's population at the end of 1971 is expected to number 527 millions. Naturally India will need enormous consumer and capital goods to meet the increased needs of the growing millions. The question, therefore, arises whether the country can afford the luxury of augmenting and multiplying the plants and machinery in operation even before utilising them to their maximum capacity.

Undoubtedly, the acute shortage and scarce resources of capital, plant and machinery, raw materials and trained manpower

presents a compelling necessity to make the most efficient use and obtain the maximum output out of the existing resources with the fullest use of tools and techniques. Productivity in India of today is not an ivory-tower speculation. Tools and techniques of productivity are no longer mere aids to management; they are definite and indispensable needs. To be even more precise, Productivity in industry today is something to live with. It is a new way of life.

Increased productivity obviously benefits all sections of community. Higher productivity enables—

1. Larger production of capital goods as well as consumer goods.
2. Production at lesser and lesser costs.
3. Increased returns on capital and more profits.
4. Increase in the real wages and earnings of the workers.
5. Higher standard of living of the general public.
6. Expanded opportunities for employment in the years ahead.

Government, employers and workers have each a decisive role to play in the achievement of higher productivity. Realisation of the aims and objects of productivity is common cause for all these three parties. Before taking up the role and responsibilities of the employers and managements at some considerable length, I would like to refer to the role of Government and workers also.

The Government has the foremost responsibility. The State should create conditions congenial to higher productivity by promoting a balanced programme of economic development and economic activity, by adopting sound and suitable social and economic policies on capital formation, industrial development and scientific research, adequate supply of raw materials, monetary and fiscal conditions, development of satisfactory employment services, health, housing and education.

While the responsibility for efforts to raise productivity rests essentially with the management, the active and willing co-operation of workers and their representatives is indispensable and is a MUST. Winning the co-operation of the workers to increase

productivity depends considerably on the trade union leadership. Here again the labour policy of the Government will have considerable impact and influence on the co-operation of workers for higher productivity.

I shall now deal with what the employers and managements should do to achieve higher productivity.

Industrial management is presently in a process of revolution. It happened so in every industrial country although factors of emphasis varied from one country to another, even as conditions vary from one industry to another. The development of scientific management and the progress of its techniques though being accelerated, need really to be accelerated at a more rapid pace. All values need to be reassessed and objects and aims re-examined. Managements in new industries tend to be more progressive while managements of old enterprises find it difficult to change, tied down as they are to antiquated traditions.

I would like to lay great stress and emphasis on 'Management Productivity' and I do consider this is a principal factor which contributes immensely towards higher productivity. The cardinal requirements of modern Industrial Management are:

- (1) Efficient scientific and modern methods of management.
- (2) Adoption of efficient productivity techniques.
- (3) Good industrial relations.
- (4) Sound personnel policy.
- (5) Effective communication in industry.
- (6) Proper sharing of benefits of higher productivity.
- (7) Research in industry.

These seven factors constitute the basis for managements ensuring higher productivity.

Management is both a science and an art. Anyone looking at the industrial world of the west and to some extent even at the industrial growth in India must be struck by its diversity and complexity. There are all types of organisations running side by

side—the pigmy and the giant. In these days the larger organisations exercise so much influence in our lives that we sometimes forget or at least we are apt to forget that taking the manufacturing industry as an example in which we look for the most concentration of effort, enterprises employing less than a few hundreds of men are responsible for the employment of well over half the total. As we see the increasing number of industrial enterprises and firms year after year in our country, we realise that there is something more than a comparatively few organisations dominating our life. I do not wish to dilate on describing the changes taking place since industrialisation began in our country. Nor do I desire to refer to the unfortunate conditions that arose from ignorance, lack of understanding and absence of efficient training all of which we can clearly see in retrospect. It is my firm belief that incipient as our industries are, they should be saved from unscientific methods of management to live up to and cope up with the complexities of present-day industrial functions. When dealing with the problems of productivity and when considering a drive for raising productivity, the tendency to focus all attention on the worker and to assume that productivity only means Labour Productivity is basically wrong. Management is no longer an inherited interest but is now recognized as a profession with a high degree of skill which needs to be taught and learnt, and managers well trained in it. In the changing industrial pattern the knowledge and skill which may be felt adequate to manage the enterprise today may not suffice for the enterprise of tomorrow and the manager should steadily be in pursuit for new methods and better management practices. For making the best use of the rapid programmes of industrialisation through which the country is now passing, the skill of management is of paramount importance. It is the management and the structure of the organisation providing personal leadership to all employees, whether of higher or lower rank, that creates the fundamental base from which success flows; without it the skill of the individual is never expressed to the best advantage. After the ties of the family, the source of satisfaction to any man, irrespective of position or rank, is to have a leader to serve with inspiration and confidence in the belief that within the area of his immediate activities his prestige

will be preserved and in the wide circle outside his immediate activities a true endeavour will be made to raise his status. Naturally when given such leadership, men give their best.

In an industrially underdeveloped country like ours, the need for an efficient and integrated system of training for higher management is imperative. In America experience has shown that productivity and training for management are closely related. Nearly all the Productivity Reports of the Anglo-American Council pay tribute to the quality, skill and enthusiasm of management in the United States and acclaim the technical knowledge, familiarity with problems of production and informality displayed by higher levels of management. A team of British Trade Union officials reported that "efficient management set the pace for productivity in American industry". The technological advancement and the rapid industrialisation have brought to light the inadequacy of training. It is now well recognised that whatever may be the education before an executive enters the industry, the larger part of his training for management responsibility takes place within the industry. The methods to be used must include visits to other plants for study, organisation of technical meetings and management conferences, group discussions, job rotations, committee assignments, etc. Training at this level has many advantages for most executives. It provides them a diversion from routine and checks the tendency towards growing insularity. It may well serve as an antidote to subconscious complacency or self-satisfaction.

Efficient and Scientific Management and a sound organisational structure cannot underestimate the value of middle management at supervisory and foreman level. In fact, it is my strong conviction that personnel of this level, namely, the middle-management placed in between the decision-making management at a higher level and the workers on the shop floor, constitute the backbone of the industry. There cannot be two opinions that good supervision is the keynote in promoting higher productivity. It cannot also be questioned that the quality of supervision is only the direct product of training supervisors at the plant and by other methods.

Work study, communication and human relations constitute the three main duties of a supervisor.

Supervisory training involves difficulties of time, funds and personnel as also lack of knowledge to conduct such training. These difficulties are all the greater if supervisory training is envisaged not as a job to be accomplished with a set pattern but as a continuing process. Nevertheless this is a matter of vital importance in the growing industrial field and must find a proper answer. It might be desirable to set up central institutes for promoting in each industry methods for effective supervisory training.

Adoption of Productivity Techniques provide the management of the industry a variety of tools for attaining higher productivity with the existing resources. The need for and the importance of methods for increasing productivity without additional investment becomes all the greater when one thinks in terms not of labour productivity alone but of making the most efficient use of all the existing resources. It is indeed heartening to find that there is a growing urge in the industries to understand and know more about the latest productivity techniques and there is a steady realisation that the efficient application of these techniques would lead to optimum output from their present expendable resources of men, machines and materials.

Work study with its two complementary techniques of method study and work measurement can make a substantial contribution to higher productivity and facilitate a vigilant and perpetual drive to do the job better, quicker and with lesser strain and at lower cost.

Production Planning and Control, Statistical Quality Control, Costing and Budgetary Control, Simplification, Standardisation and Specialisation, Incentive Schemes and Design Engineering, are techniques that are indispensable aids to management for increasing productivity. The application of these techniques requires training of the different strata of personnel concerned and if these techniques are successfully operated winning the full co-operation

of the staff all round, productivity will doubtless increase to the advantage of the community at large.

Good Industrial Relations are a prerequisite to productivity. Energy and receptiveness to change and new ideas on the part of management need to be matched by willingness on the part of workers to accept new methods of production. The most essential thing is to build up a sound morale and motivate the employees to give of their best. To build up proper morale is to make the employees appreciate that the development of the industry is to their benefit. This objective of building up a proper morale cannot be achieved unless the management takes the workers along with them.

The experience of several countries shows that Industrial Trade Unions have accepted the principle of inevitability of industrial change. A document on "Prices, Wages and Productivity" adopted by the General Council of International Confederation of Free Trade Unions states:

"In view of the favourable conditions which rising productivity creates for improvements in living standards, trade unions will usually agree to or even foster the introduction of better methods, provided that the wage and employment interests of the workers are adequately protected. If they can be assured that the workers will share in benefits of higher productivity, trade unions will be prepared to co-operate in finding scope for improvements and to take part in joint consultation with a view to introduction of improvements in technique and organisation. Intimate knowledge of production processes, gained in practical everyday experience of the workers, may often be a source of valuable suggestions for gains in productivity. This source may be made available through joint production committees and similar bodies, but only in an atmosphere of good industrial relations."

Though in India the basic norms are yet to be established, within industrial undertakings there is normally a reasonable scope for joint consultation and effective co-operation on matters connected with productivity. But in this country, multiplicity of trade

unions in one industry or unit of an industry is the bane of labour-management co-operation and the sooner trade unions find a remedy for the problem, the better for the industry, the workers and the community at large. Where, however, trade unions are strong and fully representative, securing workers' co-operation for increasing productivity should be possible. Both employers and workers may lack experience in the techniques of joint consultation; workers' representatives may fall short of knowledge and understanding of production problems as to make joint consultation largely futile. But in the long run, if the basic spirit of co-operation and good industrial relations prevail, these difficulties would be overcome. The experience of United Kingdom during the last 10 years inspires confidence in this respect.

Personnel Policy of the industrial enterprises largely influences the morale of the workers. The growing size and complexity of industrial undertakings, necessitates the personnel service to be staffed by trained executives. The management at the top or in the departments cannot deal with personnel problems. It is the personnel department only that can ensure proper personnel administration uniformly throughout the enterprise. The functions of the personnel department include employment policy, selection and placement, induction and training, promotion, supervision, work study and work simplification, servicing of skilled workers, wage policy, shift, working conditions, welfare facilities, industrial health and safety, absenteeism and labour turnover. How essential it is to apply sound personnel policy in each one of these matters is obvious. The importance of a clear definition of functions and responsibilities is nowhere greater than in the relations between the personnel department and other departments in the undertaking. The definition of responsibilities and day-to-day working relations with other departments should be such as to enable the personnel department to fully exercise its responsibilities concerning service conditions, employment regulations, welfare measures and other personnel problems. Successful and efficient personnel management would enable good labour-management co-operation and help attainment of higher productivity.

The importance of *Communications* in industry cannot be over-emphasised. It is a vital tool for the management. There is

a variety of media of communications — informal, personal contacts, meetings, charts, display posters, house magazines and the like. Many enterprises find the foremen and union representatives to be the best means of communication for most purposes. One-way communication brings a disadvantage in that the information furnished is not always understood unless discussed and misunderstandings cleared up. The workers also feel that they are merely informed without being given an opportunity to formulate their views. There is a growing realisation in the industry that two-way communications alone will serve the purpose effectively; orders, explanations, etc., going down the ranks, while information from the shop grievances and opinions are fed back by an agreed procedure. Only this way the worker can be made to feel that he too counts. Suggestion schemes offer a further means of effective communication where managements give due importance to suggestions received from workers. Whatever may be the medium of communication in industry a two-way basis is essential to win the co-operation for higher productivity.

Sharing of Gains of Productivity, important as it is, poses a ticklish and controversial question. Everyone agrees that workers as a whole should share in the benefit of productivity. Experts from different countries who studied this question under the auspices of the I.L.O. have only reached the following general conclusion:

“The share of workers in the benefits of higher productivity may take the form in part of higher wages, in part of lower prices for the goods produced, and in part of better working conditions, including shorter hours, social services, and workers’ housing. Increases in wages and improvements in working conditions made possible by higher productivity should be determined wherever possible, by collective agreements. The manner in which the increased wealth yielded by higher productivity is devoted to providing these various benefits will depend upon the varying circumstances of different countries. While the workers directly connected with increases in productivity should benefit, consideration should also be given to workers in other industries where an increase in producti-

vity may at the moment not be possible to the same extent. Social equity demands that consideration should also be given to industrial and social groups who may for various reasons not be in a position to press their claims. Such groups include supervisory, technical and other staff."

The Experts Committee further stated that it was impossible to find simple universal answers. What is labour's reasonable share and what form it should take is largely a question to be decided on the merits of each industrial unit.

In an underdeveloped country such as ours unless workers receive some increases in money wages from time to time it will be difficult to convince them that they are in fact sharing benefits of higher productivity. Whether the share should take the form of rise in money wages, fall in prices or shorter working hours is a moot point as canons of equity are subjective and there is little that can be usefully said in general terms.

Having regard to the increasingly recognised view that higher wages should result from higher efficiency and higher productivity, the general level of prices, the extra efforts of the workers, the social implications of the problem, etc., the question as to what should be the size and form of the share can at best be left to the machinery of collective bargaining.

Research in Industry is vital for future growth and for higher productivity. In fact one of the causes for low productivity in Indian industry today is the lack of research facilities. The dissemination of results of research findings and their utilisation will undoubtedly influence productivity. The research scientist at the laboratory is the one who ultimately influences productivity most. He develops new energy sources, new machines and processes and new materials which results in increased efficiency and lesser strain and enables easier operation of a job which hitherto was done with difficulty. A number of productivity teams which visited the United States drew pointed attention to the important role of industrial research in promoting productivity in the United States.

Organised labour, as well as employers in the United Kingdom have in recent years shown considerable interest in industrial

research. Trade Unions subscribe to the funds of industrial research associations and are represented on them. Research dissemination and utilisation of research findings should be actively organised and applied to aid productivity.

These are the primary responsibilities of the management. The productivity of an enterprise therefore depends as much on the planning, direction and control of the management as on the co-operation and capability of the worker at the plant. Thus the concept of productivity becomes a measure of managerial efficiency and the productivity of an industrial enterprise in turn reflects the effectiveness and efficiency of the top-management.

The views expressed in this booklet do not necessarily represent the views of the Forum of Free Enterprise.

Text of a speech delivered in Madras under the auspices of the Madras Productivity Council on June 28, 1960.

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

—A. D. Shroff

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