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Editorial Note

The world is passing through a turbulent economic times. The growth rates of the countries world over are not as per the expected speed. The increased rate of population growth is making the policy making all the more difficult. The problems are compounded with the increased level of social disturbances within and among the nations. At this juncture it becomes necessary to go to the root cause of these economic and social disturbances. Accordingly in the present issue of the journal the article on global financial crisis and its impact on India is selected for publication. The article not only identifies the reasons for the crisis but also brings of the implications for developing economies such as India. The use of statistical and econometric techniques for highlighting the implications is the strong point in the research article. The new research scholars can understand the global crisis scenario based on the review published. At the same time the art of using the advanced techniques for data analysis can also be understood.

In these difficult times man has to be mentally strong at individual and organizational level to effectively overcome the situations. Accordingly the value systems and ethics become significant for all. In the present issue the research article addressing these two important issues is also covered.

As a case study the organization which has successfully implemented the turnaround strategy in the situation of global crisis is presented. The backdrop of the case and the strategy adopted by the company is discussed in detail. The published case will be useful to all the management students and for companies to understand the ways and means to overcome a crisis situation.

The book review too is on an important concept of strategic management. It mentions the features of each chapter for the learners and reviews the contribution made by the authors to simplify the concept. In view of the important management issues covered in the research articles and the case study along with the book review, it is expected that the current issue of the journal will definitely be an asset to the researchers and managers in different organizations.

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Editor

L.P.G. and Chakan Auto Industry

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Abstract : In the year 1991-1992, the Indian economic policies underwent a sea change adopting LPG with a view to boost industrial development. With this, the Indian industries have undergone a paradigm shift in their total vision and mission, style of thinking, monitoring the business operations to compete in the Indian and global markets. With the MNCs come in, JVs come in there is a total business process reengineering takes place. New avenues come up, new concepts come up and the traditional thinking, style is required to be replaced by the innovative techniques, technologies, skills, competence etc. LPG has created a new perspective : local becomes global to survive, grow in the market. The impact and implications on Chakan Auto Industry is described in the case.

Key words : Liberalizations, Privatization, Globalization, Auto Industry.

1.0 Economic Reforms : Background :

To boost the National Economy, Govt of India, in the year 1991 – 1992 had started forming industry friendly policies and had developed in the succeeding year many encouraging economic reforms for the industries. This meritorious phase of economic reforms led to flurry of activities in the industrial sector in the entire Country, and Pune being known as a industrial place. Tremendous growth of industries – flourished, expanded. Domestic Market – expanded as the opportunity of export increased.

1.1 Lberalization, Privatization, Globalization : Impact of LPG :

This new model of economic reforms is commonly known as LPG Model (Liberalization, Privatization and Globalization. Primary objective of this model was to make the fastest developing economy in the globe with capabilities that help it to match with the biggest economies of the world. In

view of the same, the chain of reforms took place with regards to business, manufacturing and financial industries target at lifting the economy of the Country to a more proficient level. These economic reforms had influenced the overall economic growth of the Country in a significant manner.

Liberalization : Liberalization refers to the slackening of Government Regulations. The economic liberalization in India denotes the continuing financial reforms which began since July, 24th, 1991.

Privatization : Privatization refers to the participation of Private entities and entries in the business and services, and, transfer of ownership from the Public (Government) Sector to the Private Sector, as well.

Globalization : Globalization stands for consolidation of various economics of the World.

Salient Economic Reforms :

The following Statement of important Economic Reforms – initiatives taken by the Government of India since 1991 :

Sr. No.	Year	Salient Features of Economic Reforms
1.	1991	Liberalized – Industrial Licensing Policy. Allowed foreign investments up to 51% in high priority industries and reduced number of sectors reserved for the public sector (Privatization).
2.	1991	Encouragement for Export by allowing tradable import benefits against imports.
3.	1991	Amendment of MRTP resulted into diversification, expansion.
4.	1991	The Auto Mobile policy opened up – auto sector to the foreign manufacturers.

Sr. No.	Year	Salient Features of Economic Reforms
5.	1991	New Power Policy 1991 allowed private participation in power generation
6.	1992	Kicked off the process of sale of IPCL shares.
7.	1992	Amendment of SEBI Act – maintaining SEBI as a Statutory Body and new issue pricing was made market driven.
8.	1992	Cellular services were opened to private players.
9.	1994	The National Highway Authority Act was amended. Private sector participation in road sector with toll collection (BOO and BOOT principles).
10.	2000	The Insurance Regulations And Development Act was passed – privatization of Insurance Sector.
11.	2001	A year of mixed sentiments of economic reforms.
12.	2002	Industry friendly labor law reforms proposed by the Govt. Trade Unions protested the same.

2.0 Impact of Economic Reforms :

2.1 On Business Environment :

Liberalization, Privatization and Globalization has changed in the scenario of Industrialization in India, 1991 onwards. It attracted the Foreign Investors and the Foreign Investors have come forward either with the joint ventures with the Indian Companies, or at their own established the business. With this business opportunities and consequently, employment opportunities are considerably increased.

As a result of industry friendly economic reforms of industrial economic policy, in the year 1991, in India, the process of LPG (Liberalization, Privatization and Globalization) geared up. It led to phenomenon growth of industries and commerce as:

1. There has been expansion of capacities of the industries.
2. The industries aggressively diversified their business and tried to capture the products, projects, services, for which there was and is a market potential in domestic as well as global market.
3. Tie-ups with the foreign partners for both – technical as well as techno commercial objectives.
4. Investments of foreign Companies and establishment of Multi National Companies in India.
5. Emerging of new sectors and avenues IT, BPO, Service, Telecom, Pharmaceutical, Aviation etc

6. Privatization of public sector : power, public transport, insurance, banking.

7. Development of infra structure industry : road, bridges, dams, turnkey projects on Built Own Operate (BOO) and Build Own Operate and Transfer (BOOT) principles.

8. Rapid and massive industrial growth – in all the areas due to LPG.

9. Number of players for the same product due to amendment in MRTP Act : increase in competition.

10. Expansion of Auto Sector to take care of increasing demands of the Domestic as well as Global Market

11. Process of privatization of education geared up.

2.2 Impact of LPG on Engineering (Auto) Sector :

To withstand with the competition in the domestic and global market the Auto Engineering Sector has been undergoing a paradigm shift from the traditional, conventional to the modern industrial environment and practices. There is a reengineering in terms of technology, resources, processes, work environment, production techniques, lay outs, competence requirements, skill and knowledge requirements.

3.0 Development of Chakan Industrial Area :

Pune has been known as an industrial place since 1946 when Kirloskars have established their first unit Kirloskar Oil Engines Ltd, at

Kirkee. However, major industrialization in Pune took place 1960 -1965, onwards, in Pimpri, Chinchwad, Akurdi, Bhosari, Dapodi, Kasarwadi, Mundhwa, Hadapsar area. TELCO, Bajaj Auto, Bajaj Tempo, Bharat Forge, THERMAX, BUCKAU WOLF , Advani – Oerlikon , Garware Group, Finolex Group, Padmaji Paper Mills, Century Enka, SKF, KSB, Ruston, Alfa Laval, Atlas Copco, Kirloskar Cummins, Kirloskar Pneumatic, Kalyani Group, Indian Card Clothing, Philips, Elpro, HAL were some of the major industries. Most of these industries are engineering industries. Since they were old timers, they have in their set up, old layouts, techniques, conventional machines and skills.

3.1 Chakan Industrial Area :

Impact of LPG

Chakan is Pune District, at a distance of 40 Km. from Pune City. Geographically convenient for the business purpose as closer to

Mumbai for logistic point of view. The Chakan Industrial area is rapidly growing area in the vicinity of Mahalunge, Nighoje, Kharab Wadi, Nanhekar Wadi, Ambethan, Talegaon Road, Nasik Road, Shikrapur Road. Major OEMs and ancillaries – auto engineering companies have been establishing since 2001 onwards. The statement below indicates the details.

Chakan Industrial Area is newly developed area. Development of Chakan took place 2001 onwards, when Bajaj Auto and Kalyani Wheels entered in this area. However, this area has been developed in an aggressive way as the giant auto engineering Companies like Bajaj Auto, Mahindra, General Motors, VolKs Wagon, Mercedes Benz etc. started their manufacturing activity. The following OEMs in auto engineering sector, in Maharashtra are the main reasons for the development of Chakan Industrial Area as an Auto Cluster.

Sr.No	Auto Mobile Company	Location	Products
1.	Tata Motors	Pune	Cars, Light and Heavy Commercial Vehicles.
2.	TACO	Pune	Auto Ancillaries
3.	Bajaj Auto Ltd	Pune, Aurangabad	2 Wheeler, 3 Wheeler vehicles
4.	Mahindra & Mahindra	Pune, Nasik	Cars, Light and Heavy Commercial Vehicles, 2 Wheeler.
5.	General Motors	Pune	Cars
6.	Volks Wagon	Pune	Cars
7.	Mercedes Benz	Pune	Cars
8.	Piaggio	Baramati	2 Wheeler, 3 Wheeler, 4 Wheeler
9	FIAT	Ranjangaon, Pune	Cars.
10.	Premier Automobile Ltd	Pune, Mumbai	3 Wheeler, 4 Wheeler, Light and Heavy Commercial Vehicles
11.	SKODA	Aurangabad	Cars.

Due to these OEMs (Original Equipment Manufacturers), Chakan industrial sector is dominated by their vendors, suppliers, sub contractors which are in the business of manufacturing and supplying all the types of auto parts and components – mechanical, electrical, electronic, molding, plastic, leather, powder coating, steel, fabrication, casting,

packing, glass, hydraulic, pneumatic etc. components.

There are 326 engineering industries in Chakan Industrial Area. However, out of them 91% are in the business of manufacturing auto components. Therefore, Chakan Industrial Area is known as Auto Hub.

3.2 Advantage to the Engineering

Companies in Chakan Industrial Area :

Comparatively, in Bhosari, Pimpri, Chinchwad industrial areas majority of the industries established before 1990 (between 1965 – 80). Hence, limitations for adopting new lay outs, technologies, techniques, skills. Engagement of the people at operative level is dominated by the old, conventional, traditional skills.

Whereas in Chakan Industrial Area, it was and is possible for the industries for establishing their manufacturing facilities as per the sequential lay outs, new and advanced technologies, techniques, CNC and automated Plant and Machinery, Processes, SPMs, for qualitative and quantitative production. Chakan Industrial Area is known as “Auto Hub” as majority of the industries auto engineering industries. Similarly, these industries have scope and strategy to hire human resource as per the changing needs of the global competitive requirements.

3.3 Changing Needs of Business

Environment of the Engineering (Auto) industries :

Due to global competition, “CQD”, Cost, Quality and Delivery became important for the business process. “Customer Satisfaction” becomes a focus point. To meet these requirements of Domestic and Inter National customers the industries have under gone the following changes :

- a) Changes in Technologies: Manufacturing facilities have under gone advanced changes. Conventional Machines have been replaced by the CNCs. Convergence, Modernization, automation, Special Purpose Machines have been given importance to have the maximum productivity with high precision quality.
- b) Product : size, specifications, features, quality, cost, life cycle, delivery as per the changing requirements of the society.
- c) Process : conventional, manual skill based processes are minimized and replaced by simple, automatic, semi-automatic based processes.
- d) Nature of work : less manual, hard, based on knowledge rather than skill due to

automation, modernization. Push button industrial culture.

- e) Changes in Management Attitude: Management looks forward to have standardization, systems, Quality Management Systems, Tools which are world wide accepted are introduced. E.g. TS, TPM, TPS, ISO, Kaizen, 5 S which lead to over all organizational improvisation. MBO : Management BY Objectives : based on targets, KRAs, KPAs, Cycle Time with a view to utilize the resources effectively. Effective employee engagement, capacity utilization approach.
- f) Learning Organization ; Learning process takes place at all levels of the Organization to understand changes in the market and keep the organization updates in respect of all technical and business process to stand in the competition.
- g) Change in skill requirements : To adopt changes, the management has realized that the traditional type of man power will not be suitable for their business processes. Preference is being given to the Knowledge Workers as the “knowledge” has become essential than the conventional “Skills”.
- h) Importance of training : Focus on operator training : OJT, Product, Process training and other technical training.
- i) Emergence of documentation like SOP, Flow Chart, check list, Dos and Don'ts. Concepts like Off-line maintenance, preventive maintenance.
- j) Emergence of engagement of Knowledge Workers at Operative Level in by the Engineering(Auto) Industries, in the Chakan Industrial Area : Preference to the Knowledge Workers at Operative Level :
Reasons : a) Productivity
b) Competence
c) Availability

Knowledge Worker here means who can acquire the required knowledge, on the basis of their grasping due to educational investments (Diploma Engineers / Science Graduates) and apply the same to take care of operations of the advanced machineries like CNCs, automated lines and technology.

Knowledge includes : knowledge of the Process, Parameters : Input – Process – Output,

Programming, Logic Controls, Process Controls, Tooling : set up, change etc. Knowledge to operate, inspect, correct and referring the machine manuals, drawings, ON Line – OFF Line maintenance, documentation, preparation for audits etc.

3.4 Productivity of Knowledge Worker :

It has been observed that, in the advanced technology, knowledge has been playing a very vital role. Conventional skills like grinding, turning, fitting, assembly, winding, cutting, welding are getting replaced as these jobs are taken away by CNCs. In the era of automation, semi and low automation, push button industries, the process driven industries, knowledge of setting, correcting, the parameters – of input, process, output are adequate. Therefore, preference being given to the educated workforce that too in engineering and science field who can take care of the jobs by applying basic knowledge which can be acquired by them. The Productivity, Quality, Skill, Flexibility of learning new techniques are the advantages of the Knowledge Workers. Their competence to withstand in the global standards and techniques is certainly on higher side, hence, being preferred as they can take care of challenges of the modern production requirements.

3.5 Engagement of Traditional / Conventional Workers :

However, there are certain processes, jobs where the Traditional Workers are required to be engaged eg, painting, powder coating, packing, varnishing etc. where labour oriented work exists. They have certain merits and demerits which are elaborated more in "Statement of Problem".

3.6 Availability of Knowledge Workers :

Due to privatization of Education, in the year 1987 the per centage of Colleges in the field of Science (B.Sc.) and Technical Education (Diploma, Degree) has gone up. As per the AICTE Approval Process Hand Book (2013 – 14) Number of Diploma and Post Diploma Institutes have gone up to 630 Nos. in Maharashtra. This has resulted in to out flow of Technical Background candidates which can be a source to the industries.

Hence, the engagement of educated, adaptable man power is given preference, basically at the operative level. The reasons are they are learners, like to grasp new techniques, quicker in grasping and delivering as per the new techniques and tools as they have capacity, desire to learn and follow system driven approach. E.g. SOPs, Flow Chart, Work Instructions, Process Parameters. Similarly, less supervision is required. Can go in detail and technical things e.g. programming.

- i) Issues of Hiring Knowledge Workers, at operative level by the Engineering (Auto) Sector, in the Chakan Industrial Area :

Though, for the above advantageous, at operative level such work force is being preferred, there are sensitive issues and problems attached to it which are more particularly elaborated in "Statement of Problem". These problems and issues have serious effects on production planning, targeted deliveries, man power and machine planning, discipline. Human Resource is a dynamic concept depending upon its wants, expectations, satisfaction level, perceptions. This work force is educated and it does have its own identity, self respect. Hence, Human Resource Management in respect of this particular segment calls for strategic, planned, thoughtful, analytical ways and practices which will maintain balance of convenience.

- ii) Management of Knowledge Workers are operative level in the engineering (auto) industries, in the Chakan Industrial Area.

Knowledge Workers have their merits and demerits. Therefore, hiring the knowledge workers at operative level needs a special attention with respect to the management of them. Most of the industries have yet to realize the same and have been adopting the same old style of managing the same in a traditional manner. To utilize them in a optimum manner, innovative HR approach, style, practices, processes are required. Similarly, need to train the middle management is also felt.

k. Other transformation examples

Sr. No.	Conventional Concepts	Modern Concepts
1	Management Style : Maintaining & Controlling.	Innovating & Developing
2	Manufacturing Units	Business Units
3	Production Plan	Business Plan
4	Workers	Operators
5	Employee	Human Resource Human Capital
6	Conventional process, Plant & Machinery	Automation, automatic, CNC M/cs. Semi-automation
7	Manual Controls	PLC Controls, Electronic, Computerized controls.
8	Measurement	"Cycle time" basis, Target basis.
9	Skill : preference	Knowledge preference.
10	Skill requirements : conventional, individual, manual.	Setting, correcting parameters : knowledge based.
11	Job Card / Slip	Report
12	Defined Job : rigidity.	Multi skilling : flexibility.
13	Presentation not required	Presentation essential
14	Exposure to International quality standards and concepts such as ISO/TS/TPM/OHSAS/EMS/Kaizen /5S/SOPs/Poka Yoke	Essential
	Functional terminology changes :	
1	Personnel	HRD
2	Q.C.	Q.A.
3	Customer Satisfaction	Customer Delight
4	R&D	NPD
5	EDP	IT
6	Marketing	Business Development
7	Work Environment	Neat & Clean, AC with PC culture
8	Transport/Dispatch	Logistics
9	Recruitment	Talent Acquisition
10	Vendor outside	Supplier Park
11	Domestic standards.	Global standards.
12	Approach towards employee	Caring
13	Performance Measurement	Based on targets, KRAs, KPAs
14	Salary & Wages Administration	Compensation management
15	Motivational Techniques : at definite time intervals	Quick Rewards, Recognition, Appreciation, Promotions, Increments based on performance, achievements.

16	IR	ER
17	Legal issues, Court matters : more	Reduced
18	Approach in labour matters	Compromise with mutual understanding.
19	Attrition : very less	higher
20	Union leadership	Preference to internal union

4.0 Conclusion :

LPG and the Economic Reforms have led to industrial revolution expanding the business horizons at global level. The industries in general and the auto industries in Chakan have

realized the requirements of global standards in all respects and trying to change their operating, monitoring, maintaining and managing style of business processes.

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