

CHAPTER 'V'

CONCLUSIONS AND SUGGESTIONS

In the preceding chapter an attempt has been made to analyse critically the structure of wages and wage incentive schemes in the Kirloskar Brothers limited, Kirloskarwadi. In this chapter, it is proposed to give the conclusions of the study and to make some suggestions to increase the rate of wage and rate per unit of the incentives.

Conclusions

1. Wages :

- 1.1) Workers in the Kirloskar Brothers limited are rated as per time rate system. This system does not provide financial incentives to increase production because the inefficient workers in the factory will receive the same wages as they are given to efficient workers.
- 1.2) As workers are paid according to time rate system, the record of an individual worker's output is not maintained in the factory. Therefore, the officers find it difficult to determine the efficiency of each worker for the purpose of promotion.



1.3) Monthly wages of workers are paid on the 10th day of the next month. The workers have to wait for their payment after completing the work in respective month.

1.4) The following Acts regulate the wages paid to workers in the company.

- a) Minimum Wages Act
- b) Payment of Wages Act
- c) Industrial Dispute Act
- d) Wage Board

The composition of wages paid to workers is very complex. A normal wage payment consists of - Basic pay, Dearness Allowance, Overtime earning, Incentive earning, Conveyance Allowance. The total amount of Dearness allowance is often 4 to 5 times the basic pay. Dearness is paid as percentage of basic pay parallel to different pay slabs. Usually the rate of allowance is prescribed inversely in relation to pay.

1.5) The net amount of wages paid to the workers in his department in presence of the concerned foreman. The workers signs the payroll against to his name for receiving the wages. The payment of the absentees is made later.

If the worker wishes the amount of wages is credited on his account in the following banks :

Bank of Maharashtra, Sangli Bank ,
Sangli District Co-operative Bank.

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1.6) Many problems faced by an organisation are related to the determination of wage and salary of its workers. These problems are solved by the management of Kirloskar Brothers limited by adopting job evaluation technique rather than 'Hit or Miss' and rule of thumb techniques. For the purpose of solving the wage determination problem the company has established the job rating system.

2. Wage Grades :

2.1) The workers in the factory are placed into 8 grades according to the nature of job. Workers get different wage payment depending upon their grade. The rates of wages for per month are fixed for each grade by using the job evaluation technique. This technique proved to be useful in eliminating wage inequalities in the workers of the factory. The result of job evaluation technique is that there are know industrial disputes in the factory on account of the inequalities in wages.

2.2 For the purpose of evaluation of job the company considers 11 factors for example -evaluation, experience, initiative physical demand. Mental demand and various types of responsibilities. The task of defining the job factor and factors degree is a difficult and time consuming. It is beyond the mental capacity of workers to understand how their jobs are rated.

- 2.3) The wage structure of in the company is quite unsatisfactory. The rates of basic wages relating to various grades are very low. The lowest basic wage level is Rs. 75/- and the highest basic wage level is Rs. 200/-. The basic wages for different grades are as follows :

<u>Grade No.</u>	<u>Rates of Basic wages</u>
I	Rs. 75/-
II	Rs. 80/-
III	Rs. 85/-
IV	Rs. 90/-
V	Rs. 110/-
VI	Rs. 125/-
VII	Rs. 155/-
VIII	Rs. 200/-

3. Incentive Schemes :

- 3.1) The company has introduced incentive schemes for an individual worker and also for a group of workers. The incentive schemes in the company are classified into three categories.

- a) Individual incentive schemes.
- b) Group incentive schemes.
- c) Other types of incentive schemes.

The company has adopted the incentive schemes for blue collar workers only. There are no incentive schemes for white collar workers. Managers and top officers are paid bonus as an incentive.

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- 3.2) The rates of incentives (per 100 unit) is very low. The incentive rate varies from 36 paise (per 100 units earned) to 84 paise (per 100 units earned). The rates differ according to the job designation. Even the workers working on grinding machines are given incentives as per different rates according to their work. Grinding machine operator gets incentives 62 paise per 100 units and shaping machine operator gets incentives 72 paise per 100 units earned.
- 3.3) It is observed that incentive plans, aimed at increasing the motivation of the employees have failed on account of following reasons :
- a) The employees do not understand the plan.
 - b) Lack of required tools and training.
 - c) Inter group conflicts and inadequate wage structure.
- 3.4) The best known wage incentive plans are Halsey premium plan, the Taylor differential piece rate plan, the Emersons efficiency plan and the Bedaux point system. Each of these plans has its advantages. The Kirloskar Brothers limited has not adopted any of the above plans. The above plans have been modified from their original form to meet real conditions and have introduced as individual incentive and group schemes.
- 3.5) Generally the company makes the payment of incentive in the next month when they become due.

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4. Trade Union :

In the case of this factory, it is better to say that spirit of trade union is too much developed as most of the workers are members of the trade union. There are two unions of the workers and they are affiliated to the Indian National Trade Union Congress and Bhartiya Majdoor Sangh. The union affiliated to INTUC has the influence on the majority of workers. The leaders of both the unions are from outside of factory. Therefore, both unions are suffering from drawback of outside leadership.

5. Bonus :

It is clear from the records of the company that it pays annual bonus linked with production to the maximum extent of 20% of basic wages and D.A. For the purpose of calculating total amount of bonus company has set up targets of production. The targetted production volume is very high.

6. There are not industrial disputes between the workers and the management. The management has agreed to revise the pay scales of workers in every five year. The period of previous agreement is over on 30th July 1987. Still the workers have not demanded their revision of pay scales.

7. Quarters are not provided by the company to the workers. Nearabout 120 workers have established their own co-operative society which is known as 'PALUS COLONY'.

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Quarters are provided to officials only in the premises of the factory.

8. There are facilities of clean drinking water, canteen, medical facilities, recreational facilities and sports facilities. The above facilities are available within the limited area of Kirloskarwadi and factory premises.

9. Workers are satisfied with the working conditions like temperature, air movement, humidity. But many workers are not satisfied with sanitation and noise.

10. There are all male workers in this factory. There are 2460 workers in the factory (excluding officers and clerks). They are all male. There are only 10 female members in the clerical department.

11. The percentage of rural workers is more than urban workers. Most of the workers are living in Ramanandnagar, Palus, Kundal and other nearby villages. Majority of workers coming from nearby villages are unskilled or semiskilled.

12. The company has its own training centre. Firstly workers are trained for a particular job in the training centre. After completing the training they are placed in particular grade for which they are trained.

13. Most of the workers are illiterate and came from farmers families. They are in service in the company as side business. The company has to face the problem of the workers

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absence and their late attendance during the harvest season i.e. in the month of April and October.

14. As the number of workers coming from the nearby villages is a large , they are unable to do overtime work.

Suggestions

The following suggestions may be of great use and value for improving the working of the Kirloskar Brothers Limited, Kirloskarwadi.

1) Working Environment :

The environment in which the worker works is of a considerable importance, because it helps to increase the efficiency of the workers. So it is necessary that the company should provide necessary working conditions in its unit. There must be adequate provisions for safety and welfare measures, accident prevention, canteen facilities, rest rooms, disposal of waste and effluents, ventilation and temperature, dust and fume, drinking water and lighting.

2) Adequate Wages :

Inadequate wage is the main cause of many industrial disputes. Therefore, the company should increase the basic wage rates. It will help the company to escape from unnecessary harassment of trade unions. It is necessary

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to introduce a rational wage system effectively.

3) Trade Union :

To make the workers free from undue exploitation from the company, and to maintain healthy industrial relations there is a need single trade union. At present there are two trade unions of workers, they must be turned into a single trade union. A single trade union can promote peace and will bring about a better relationship between employers and workers and can also bring about many sided development in the workers living condition.

4) Constructive Approach of Trade Union :

It can also be suggested that the trade union should adopt some constructive approach. They should consider¹ first the financial strength of the company and should not make any illegitimate demands for which the working of the company may be disordered.

For the rapid growth of the company there is a necessity of healthy relations between the company and the workers organisation.²

5) Well organised Training Centre :

At present in all types of business enterprises worker's training is necessary. Modern technology adopted in the production process creates the need of well trained workers. Company must provide necessary training to its workers within the organisation in the first

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instance, to be supplemented by further training outside by way of participation in seminars, training schemes refereshers courses etc.

6) Worker's participation in the management :

Worker's participation in the management is the best intensive to inspire the workers to promote their efficiency. The company should give a due participation to its employees in management to reduce the intensity of labour problems. To enhance the efficiency of the workers and to maintain good industrial relations, the workers participation in the management is the best tool.

7) Well prepared Incentive Schemes :

Incentive schemes are beneficial to both the workers and employers. Due to the application of incentive schemes, workers will get more remuneration and the employers will get the advantages of increased productivity. In the interest of the company it is necessary to introduce the following types of incentive plans :

1. Taylors differential piece rate plan
2. Merrick differential piece rate plan
3. Emersons efficiency bonus plan
4. Profit sharing plan

Present incentive plans adopted by the company are not based on the efficiency of workers, but they are based on the number of units earned by each worker.

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8) Penalty :

The workers should be penalized for their unsatisfactory work, negligence and not handling the machines, equipment and materials, carefully as well as for bad housekeeping. The penalty will be decided by the supervisors and will be upto 25% of the Incentive earnings of the concerned worker. The large amount of penalty affects the efficiency of the workers and discourages them. The amount of penalty should be decreased to 10% or 15% of the incentive earning of concerned worker.

9) Overtime policy of the company :

It is the policy of the company to avoid overtime. This policy also discourages the workers who are able to work more than 8 hours. In case where overtime is sanctioned by proper authorities, no incentive is given for over-time work. It can be suggested that the company should pay incentive for overtime work or increase the overtime rate which is double the normal rate of work.

10) Increase the rate of Incentive :

The rates for incentives on various jobs are very low. Minimum rate of incentive per 100 units earned is 30 paise to 80 paise. It can be suggested that the company should increase these rates. The increase in incentive rates will increase the standard of work done by the workers.

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11) Base Units :

For calculation of incentives the company has fixed 480 base units per shifts. The number of base units is too high. While fixing the base unit capacity of normal worker is not considered. It is difficult for the normal worker to overtake the base unit limit of 480 units to get incentive. Therefore, it can be suggested that base unit limit should be decreased from 480 units to 400 units per shift of 8 hours.

12) Job Evaluation system :

For evaluating jobs the factor comparison method is used by the company. Factor comparison method is complex and can not be easily explained to and understood by organisational employees. The following suggestions can be made to improve the working of job evaluation programme.

- a) Job evaluation programme of the company should be devised and administered with due regard to employment market. It should reflect the factors such as supply and demand for labour, bargaining power of the parties and job conditions.
- b) It is very difficult to standardise jobs throughout the factory. Therefore, it can be suggested to introduce the job evaluation scheme plant to plant basis than applied to whole industry.
- c) It can be suggested that number of jobs and classifications should be kept minimum.

d) The scheme of job evaluation is administered by the Industrial Engineers in the company, who have developed it. But it can be suggested that it can be better administered by the industrial relation staff of the company than the Industrial Engineers.

The success of the scheme lies in flexibility and this is better understood by the industrial relation staff than the Industrial Engineers.

e) It can be suggested to draw up the scheme in such way that the details of the scheme do not conflict with other provisions of a collective agreement such as seniority clauses and grievance procedure.

13) Travelling Facilities :

It can be suggested that the company should provide bus or any other vehicles to its worker to attain the work.

14) Cycle or Conveyance allowances :

In addition to basic wages and D.A. the workers are paid cycle allowances Rs. 20/- p.m. It can be suggested that benefit of cycle allowance should be given to casual workers also. It will be better to increase the amount of cycle allowance from Rs. 20/- to Rs. 30/- p.m. So that the workers are able to maintain better attendance.

Avoidance of Fraud in the payment :

The frauds generally encountered in a system of

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wage payment are as below :

- 1) showing dummy workers on the payroll.
- 2) Ignoring to mark late arrivals or early departure.
- 3) Booking of fictitious overtime.
- 4) Manipulation in computing wages.

The following steps can be suggested to prevent frauds in wage payment.

1. Overtime work should be authorised in advance by the competent authority and overtime payment should not be made without sanction.
2. The system of internal check should exist for preparation of wage sheets.
3. Every employee should be issued an Identity card containing such particulars as name, enrolment number, department and photograph. At the time of wage payment this card must be presented.
4. Unclaimed wages should be entered in the 'Undisbursed wage book'. Such wages should be paid only by some responsible authority.
5. Attendance time should be checked with the time booked to jobs. This will help in detecting the dummy workers.
6. The time-keepers should visit the departments at random to check attendance of the workers.

7. No worker should be allowed to leave the factory before closing time except on written permission by the official authorised to grant leave.

The Kirloskar Brothers Limited, KirloskarwadiQuestionnaire for Workers.

- 1) Name -
- 2) Age -
- 3) Sex - Male/Female
- 4) Education - Primary/Secondary/Higher secondary/illiterate
- 5) Nature of service - Permanent/
Temporary
- 6) Length of service - years.
- 7) Total wages per month -
- 8) Whether satisfied in the present job Yes/No
- 9) What is your opinion regarding wages - Adequate/
Inadequate
- 10) Do you think your wage is in proportion
to the nature of your job ?
- 11) What is the method of wage payment ?
 - Time rate system
 - Piece rate system
 - Balance debt method
- 12) How does the work rate in your factory ?
 - By piece
 - By time
- 13) Do you think the leave facilities in your factory
are good ?
 - Yes / No

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- 14) Do you get paid leave ? - Yes/No
- 15) Do you get sick leave ? - Yes/No
- 16) Do you get financial Incentives ? - Yes/No
If Yes state the types of incentive -
- a) Equal wage rates
 - b) Wage increase based on ability
 - c) Pension plan
 - d) Profit sharing
 - e) Co-partnership
- 17) What is your opinion regarding wage incentives ? - Good/ Bad/ Fair
- 18) Do you get the following individual incentives ? =
- a) Status
 - b) Promotion
 - c) Job security
 - d) Interesting and pleasant job
- 19) Do you get any other benefits ?
- a) Society loan
 - b) Society shop
 - c) Fair price shop
 - d) Housing society
 - e) Canteen facilities
 - f) Library facilities
 - g) Sports facilities
 - h) Medical facilities
 - i) Educational facilities

- 20) What is the mode of conveyance ?
- Bicycle
 - On foot
 - Railway
 - Bus
- 21) State the distance between your residential place and factory premises ?
- 22) What is your opinion regarding working hours in the factory ? - Good/Bad
- 23) How many trade unions are in your factory ? -
- 24) Are you a member of registered trade union ? Yes/No
- 25) Does the trade union help you in solving your problem ?
- 26) Whether the trade union has helped you in * case of increasing your wages & incentives ? Yes/No
- 27) Have you been provided with quarters by the factory ? - Yes/No
- 28) What are the facilities provided for your children's education ?
- Factory school / Government school
- 29) Whether are you given a fair treatment and guidance from your supervisor ?
- Yes/No
- 30) What is your opinion regarding personnel department of actory ? Satisfactory/ Dissatisfactory

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- 31) How far are you satisfied with officials in personnel department of a factory ?
- = a) Satisfied
 - b) Dissatisfied
 - c) Neither satisfied nor dissatisfied
- 32) Are you supplied any uniform ? - Yes/No
- 33) State your opinion about the following schemes -
- a) provident fund scheme
 - b) gratuity

Kirloskar Brothers Limited, Kirloskarwadi

Questionnaire for Management.

- 1) Name of the organisation
- 2) Name of the personnel manager
Qualification
- 3) Nature of production
- 4) Total strength of labour
Minimum wages Act.
 1. Is the minimum wages Act applicable to your factory ? - Yes / No
 2. What is the minimum rate of wage p.m. ?
 3. What are the criteria for fixing the minimum wage rate ? - Nature of work/job
- Period of service
- Region

Skill

4. Do you agree on wage differential among the workers ? - Yes/No

If Yes, what are the causes of making wage differential ?

The Payment of Wages Act 1956

- 1) Is the payment of wages Act 1936 applicable to your organisation ? = Yes / No
- 2) Are you made any deductions from the total wages payable to workers ? = Yes / No
- 3) If Yes - What are those deductions ?
 - a) Fine
 - b) Deduction for remaining absent from duty ?
 - c) Deduction for house accommodation ?
 - d) Deduction for payment of insurance premium ?
 - e) Deduction for contribution to P.F. ?
 - f) Deduction for repayment of Advances ?
- 4) What are the methods of wage payment ?
= Time wage system
= Piece wage system
- 5) Are you taking into consideration the following points in determination of wage structure ?
 - 1) Job analysis
 - 2) Job description
 - 3) Job evaluation
 - 4) Wage legislation

- 5) Wage survey
- 6) Rules of Administration
- 5) Does your organisation provide the compensation to workers ? = Yes/No
 Compensation for - a) life b) Accident
 c) Health d) Insurance
- 6) From the following which criteria are applicable to wage fixation ?
 1. Organisations ability to pay
 2. Prevailing market rate
 3. Supply and demand of labour
 4. Living wage
 5. Job requirement
 6. Trade unions bargaining power
 7. Psychological and social factors.

Incentives :

- 1) Do you pay incentive to works ? - Yes/No
 If yes, what are the types of incentive ?
 - 1.
 - 2.
 - 3.
- 2) State the factors influencing the incentives ?
- 3) State the procedure adopted for payment of incentive to workers ?
- 4) Does incentive effect on the efficiency of workers ?
- 5) Does incentives are linked with productivity of a labour ? = Yes/No
- 6) Express your opinion regarding trade union ?

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Kirloskar Group of Industries includes the following undertakings.

Sr. No.	Name	Year of establishment	Place	products
1)	Kirloskar Brothers Limited.	1910	K'wadi	Pumps, Volves
2)	The Mysore Limited	1941	Mysore	Machine tools
3)	Kirloskar Electronic Limited	1946	Bangalore	Electric Motors, Transformers, Alternators.
4)	Kirloskar Oil Engine Limited.	1946	Poona	Oil Engines.
5)	Kirloskar Pneumatic Company Limited.	1958	Poona	Pneumatic tools and Compressors.
6)	Kirloskar Cummins Limited.	1959	Poona	Diesel Engines.
7)	Kirloskar Press	1916	Poona	Kirloskar, Stree, Manohar and Other publications.
8)	Kirloskar Asia Limited	1962	Bangloor	Starters, Control pannels, Switch Gears.
9)	Shivaji Works Limited.		Sholapur	Vices and Castings
10)	F.H. Shule Hamburg		West Germany	Rice mills, Oil Engines.
11)	Kirloskar Filter Limited		Poona	Filters.

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Sr. No.	Name	Year of establi- shment.	Place	Products
12)	Kirloskar Equipment Limited.		Poona	Petrol Engines
13)	Kirloskar Consultant	1972	Poona	
14)	Kirloskar Tractors Limited.	1972	Nasik	Tractors.
15)	Kirloskar Proprietary Limited.		Poona	
16)	Kirloskar Foundation		Poona	
17)	Kirloskar Oversea Indo-Malasian Limited.		Kavalalampur	Motor pumps and valves.

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Kirloskar Brothers Limited, Kirloskarwadi

Organisation Chart

Board of Directors.

