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Contents

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BUSINESS MANAGEMENT

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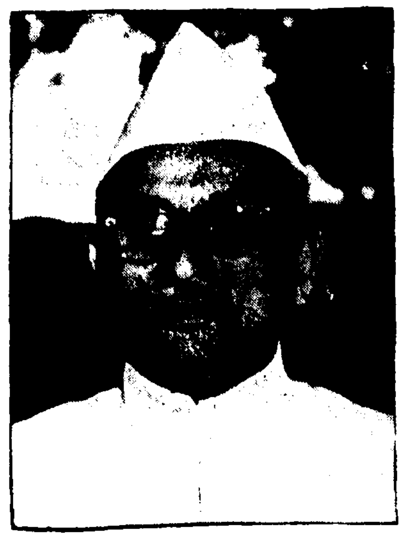
OUR INDUSTRIAL MEN



SETH LALCHAND HIRACHAND

Seth Lalchand Hirachand is an Industrialist from Sholapur, Maharastra State, India. His interests cover a wide field of Automobiles and construction Enginering. He is the Chairman of the Premier Automobiles Limited; The Indian Hume Pipe Co., Limited., Cooper Engineering Limited, and Bombay Cycle & Motor Agency Limited. In addition, he is a Director of the Premier Construction Company Limited, Hindustan Construction Company Limited and Walchandnagar Industries Limited etc.,

Seth Lalchand is the President of the Maharastra Chamber of Commerce Bombay and he was the President of Indian Merchants Chamber in 1959. He has also held important positions in the Industrial development and Import Advisory Council Boards before.

From 1952-1958, he was a member of the Parliament and he takes a keen interest in the local State politics.

He is a member of the Cricket Club of India, the Willingdon Sports Club etc. and is actively interested in Agricultural, Industrial, social and charitable activities.

The Premier Automobiles Limited

The Premier Automobiles Limited was registered with the objects inter alia of progressive manufacture of motor vehicles in India on 27th June 1944 with its registered office situated at Construction House, Ballard Estate, Bombay and factory at Agra Road, Kurla, Bombay. The factory was built in 1946 and the assembly operation commenced in March 1947. In 1949 the Company commenced the manufacturing activities.

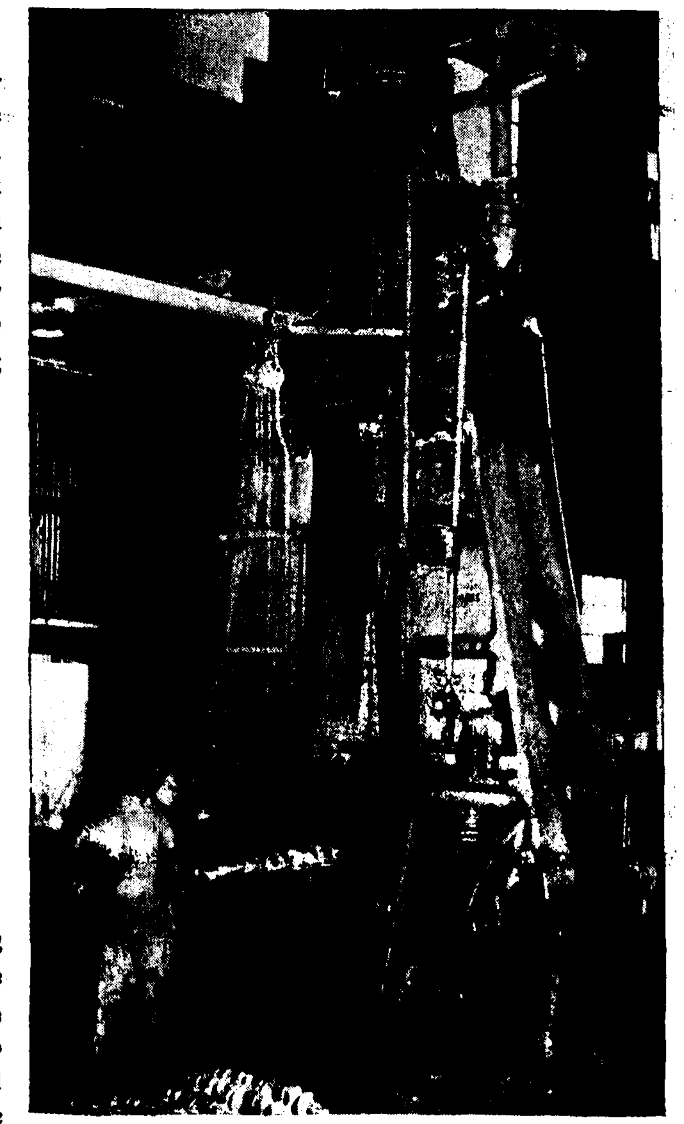
CAPITAL

i) Authorised	Rs. 10 crores
ii) Paid-up	Rs. 2,17,33,800
iii) Foreign	Nil

BOARD OF DIRECTORS :

Shri Lalchand Hirachand (Chairman)
,, Tulsidas Kilachand (Special Director)
Sir Manilal B. Nanavati Kt.
Shri M. A. Master
,, Pratapsinh Mathuradas
,, Chinubhai Kilachand
,, B. K. Daphtary
,, Gulabchand Hirachand

The first two years were spent in planning the successive stages of manufacturing programme and getting ready for them. At the same time, the Company sent batches of young engineers to U. S. A., U. K., Italy and Germany for specialised training in automobile manufacture, equipped the factory with the latest type of machinery and in 1949 commenced the first phase of the manufacturing programme.

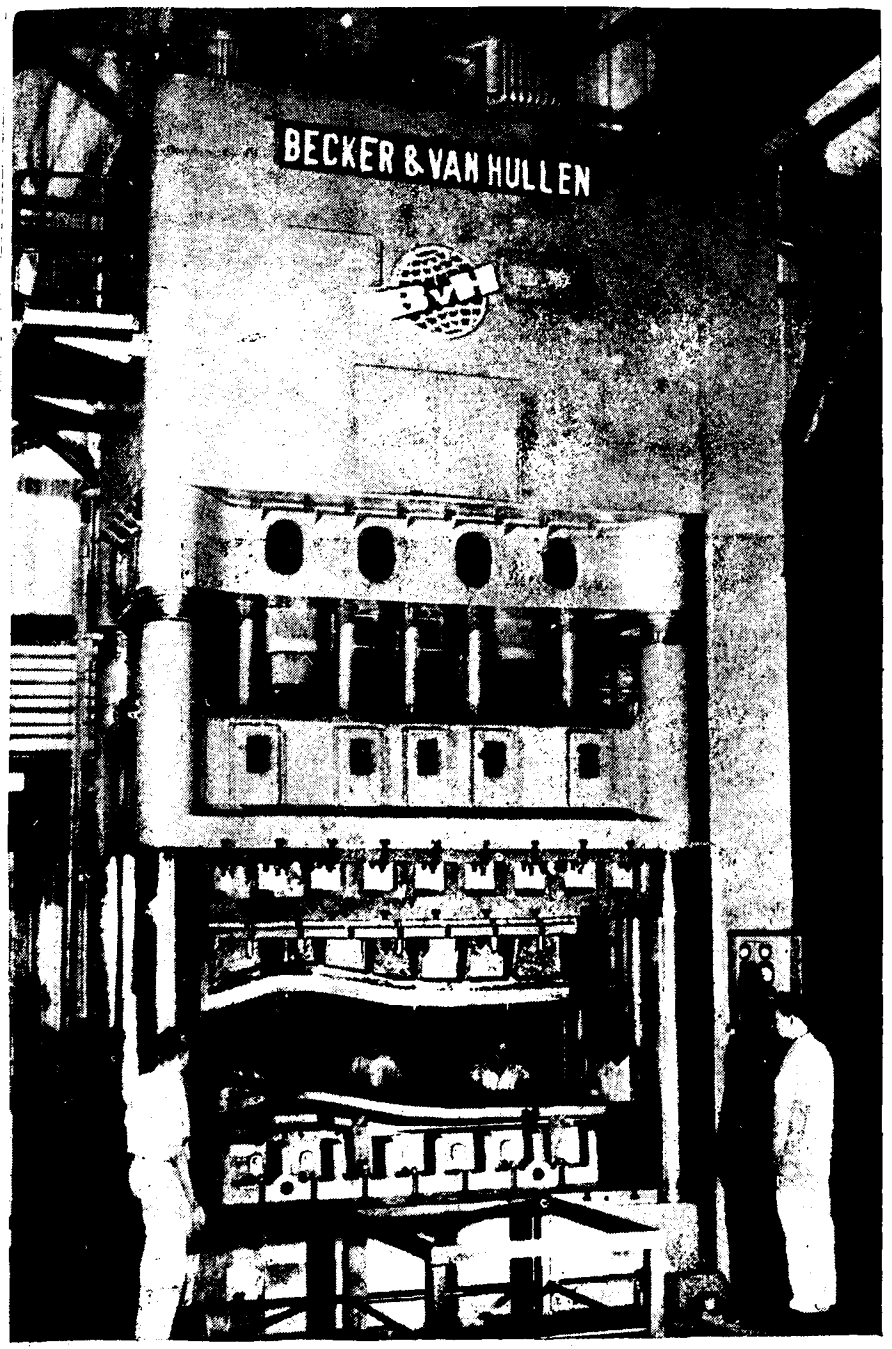


8 - Ton Forging Hammer Turning out Crankshaft for 6 - Cylinder Petrol Engine.

IDLE MACHINERY

By far the major portion of the capital in an industry is invested in the machineries and equipments installed for the manufacture of marketable goods. Even in planning an industry, the bulk of the capital is intended for and reserved towards the cost of the plant, the buildings, for its location and the erection charges. The cost analysis of the manufactured articles too show that a considerable part of the price represents the interests paid towards the cost of the capital machineries and the provisions made for their depreciation. And yet what is revealing is that seldom managements and Government aim at and realise maximum utility from the costly plants. In fact very few factories in India maintain a log book showing exactly the number of hours each machinery is put to use. If an accurate record is so kept, the managements will profitably learn how a considerable portion of the capital is idly locked up every day.

Maximum utility of the machineries therefore is in the best interests of investors, workers, consumers and the nation alike.



1030-Ton Hydraulic Press forming chassis side rail.

From the very beginning, 'Quality' had been the watch-word at every stage of production in the factory. In the initial stages of manufacturing the samples of newly developed parts were sent to their associates in U. S. A., U. K. and Italy for their approval, and it was only after obtaining their approval that the parts were equal in quality to those produced in their own factories that the regular production was undertaken in the Premier Automobiles. This was necessary to ensure the quality of the components produced in India.

As far as possible, the raw material is procured from the local resources, laboratory tests are conducted on the raw material to ensure the right quality; the parts are designed, tooled, pressed or forged and machined completely in the factory.

The company is producing three cars, Dodge, Plymouth and Fiat and two trucks: Dodge and Fargo, both petrol as well as diesel. The manufacturing progress for all these vehicles is satisfactory and impressive. The following is the brief statement of this progress:

ENGINES :	For Dodge and Plymouth Cars. Dodge and Fargo Petrol Trucks and Fiat Cars.
TRANSMISSION :	For Trucks and Fiat Cars.
CHASSIS FRAMES :	For all Transport vehicles.
COOLING SYSTEM :	(Radiators etc): For all cars and trucks.
SUSPENSION SYSTEM :	(Springs, Shock absorbers etc.) For all cars and trucks.
EXHAUST SYSTEM :	For all cars and trucks.
PROPELLER SHAFTS :	For all cars and trucks.
MISCELLANEOUS :	Numerous other small and big parts for all vehicles.

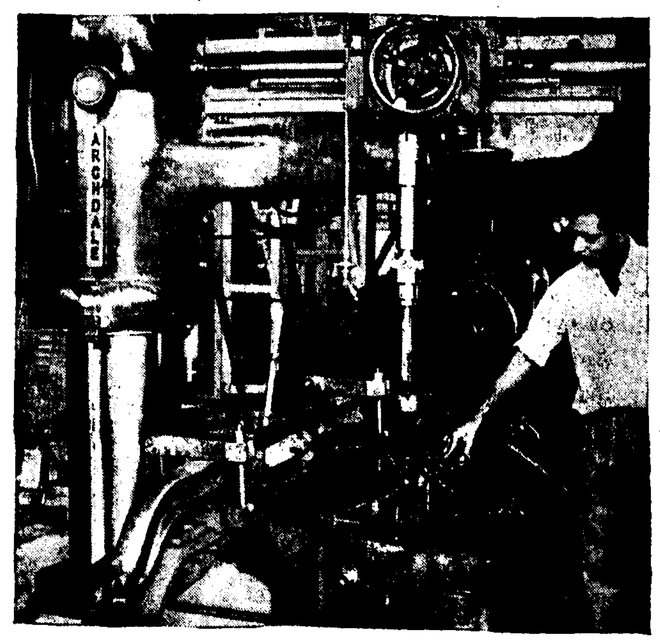
AXLES: Recently the company has invested over 50 Lakhs of rupees in setting up of the Axle Department and the production of the front and rear axles for trucks has been started with the co-operation of the famous Timken axle manufacturers. The Company undertook the production of Fiat 1100 Cars in 1954. Due to the very large demand for these vehciles, the company has set up a separate assembly line for Fiat cars with the latest methods of assembly and testing. This has resulted in a gradual rise in the production and it is expected that the supply position will soon be encouraging.

The Premier Automobiles are now producing about 40 vehicles of all types per day, which is the highest production amongst all the manufacturers in the country. So far they have distributed in the country over 60,000 vehicles.

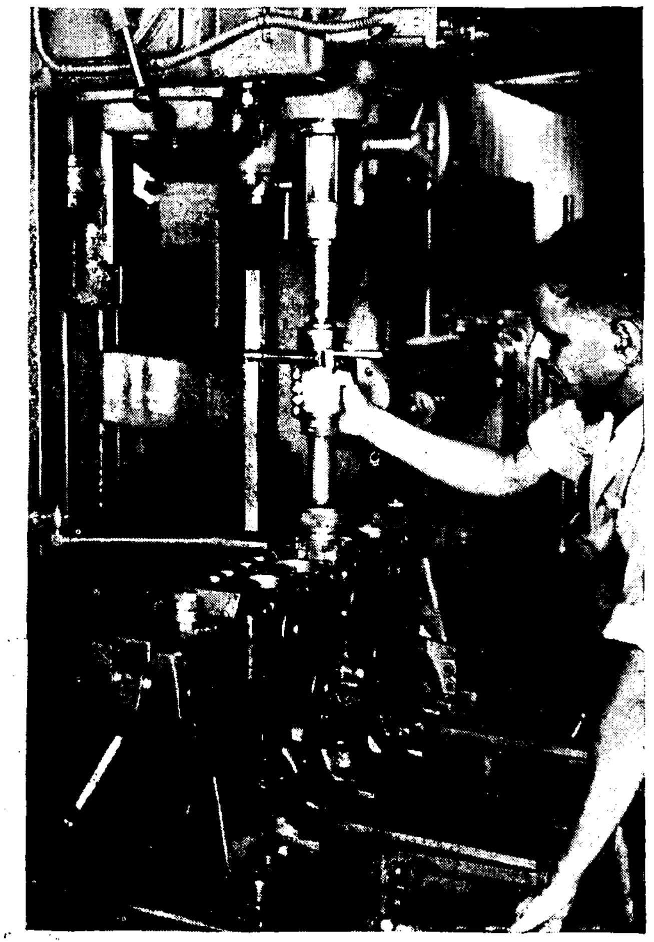
The company has a large number of highly qualified technicians, engineers and executives and a number of engineering graduates on the staff. They have over 6,000 employees working in the factory and in all their offices.

Their cars and trucks are distributed all over the country through a network of dealers and sub-dealers. Great emphasis is laid on the after-sales service. Service Representatives of the Company are posted in all important towns and Field Service Staff tours in specially equipped vehicles to render assistance to State Transports, Fleet owners and customers.

In the nation building activities, the Premier Automobiles have played an important role in supplying sturdy and dependable vehicles to almost all major and minor projects. They have supplied large fleets of buses to almost all the State Road Transports in India.



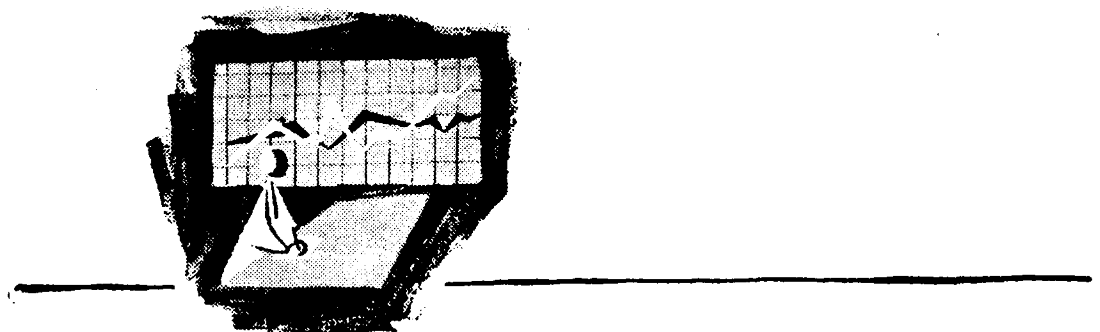
Truck front axle beam being machined in Premiers factory. The axles are being manufactured with the Technical collaboration of the famous Timken axle manufacturers.



Honing the cylinder bores of the Cylinder Block on a Kichen & Wade machine provided with six position indexing fixtures.

The defence assignment of the company is equally note-worthy. Thousands of trucks with Premier built and Premier-designed all-steel cabs have been supplied to the Defence Department. Premier's trucks, Power wagons, utilities and cars are playing a vital part in India's Defence.

Though the company is busy serving the nation, the big family of its 6,000 workers is never out of its mind. Great attention is paid to the labour welfare activities and all efforts are being made to keep the men happy and contented. The Company has also provided its staff with a residential colony which accomodates a number of families of workers, clerical staff and officers.



A FORMULA FOR MANAGERIAL EFFICIENCY

Prior to joining the Institute of Office Management as its Technical Officer and Course Director, Mr. Matley spent seven years at Kodak Limited as an O & M Officer and wages administrator, followed by eight years as Manager of the office management division of the British Institute of Management. Last year Mr. Matley spent six months as an International Labour Office expert advising the Israel Institute of Productivity and would be visiting Athens next autumn to take a series of seminars on Dynamic Office Management for the Greek Institute of Productivity.

R. H. de G. MATLEY, B. Sc., (Econ.),
Technical Officer of the Institute of Office Management in the United Kingdom.

Within the framework of an enlightened view of social and moral obligation, every executive, whatever his rank, proves his worth as a manager when he seeks to increase the efficiency of (1) his own department, (2) himself, (3) his colleagues and their departments, (4) his superiors or higher management in such a way as to make the maximum contribution to the efficiency of the undertaking as a whole.

Let us see what is needed to implement such a formula.

1. **Increasing the efficiency of one's own department:**

This is, of course, the manager's main responsibility and may be effectively approached under three headings. i. e. study of oneself, study of the staff, study of the organisation.

(a) **STUDY YOURSELF: Study how you make decisions and give instructions, your interpretation and explanation of purpose and policy, and method of outlining programmes, how you praise and blame, display interest, inspire enthusiasm by example - in short, study the efficiency of your supervision and control.**

(b) **STUDY YOUR STAFF: To enlist loyal and enthusiastic support of staff it is insufficient merely to persuade an employee that he is getting a square deal; you must also show constant recognition of what each one is doing and make him feel that it is of value.**

(c) STUDY YOUR ORGANISATION: Far too many department heads believe that their clerical system cannot be altered, amended or reformed. Time must be found to ensure that all operations and records are essential, as simple as possible and thoroughly understood; also that the volume of work is so spread that it falls equally on all. A manager should actively encourage his staff to take an interest in the departmental organisation, question its functions, point out duplication and anachronisms; that is to say, make general suggestions for improvement. He will then be relieved from toothcombing the routine himself.

2. **Increasing one's own efficiency:**

An executive can increase his own efficiency by (a) making a more profitable use of his time (b) more delegation. He must decide how to expend his effort - whether, for example, to do one job perfectly, six passably or twelve superficially; also to what extent he will permit himself to become immersed in the practical details of day-to-day queries, or delegate them to others in order to deal with major problems of improved organisation.

3. **Increasing the efficiency of colleagues and their departments (whether administrative or works):**

This implies understanding other departments functions and requirements; discussing common problems; organising sectional timetables or work schedules to mutual advantage; lending staff to cope with work surges; recording one's own whereabouts to facilitate contacts, and so on. Co-operation between heads of departments is especially necessary when there is no executive responsible for co-ordinating the routine for different departments into a unified whole. Such an executive, however can do no more than set up the machinery for co-operation. It is impossible for him to make it run smoothly if managers are determined to consider only their own departmental needs.

4. **Increasing the efficiency of superiors:**

The efficiency of a superior is increased (a) when all the relevant facts are available in the required form at the proper time so that planning co-ordination and control can be effectively carried out; (b) when time is not wasted on matters well within the sphere of subordinates; (c) when difficulties with other departments or sections are avoided or amicably settled, so that it is not necessary to hold an investigation as a result of having received a complaint from a higher level.

Increasing total efficiency:

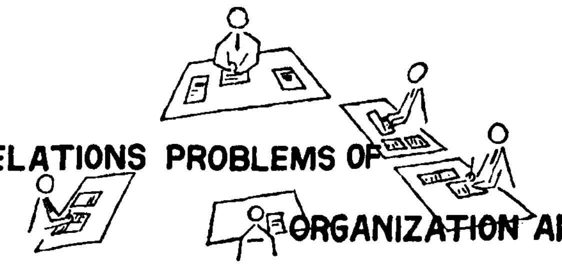
Possibilities of increasing the efficiency of one's department, oneself, other departments and one's superiors naturally exceed one's power to realise them - and sometimes conflict.

For instance, it may happen that an executive must shut himself up to finish a report for higher management, although his presence is badly needed at a conference of his colleagues, and he is also required to deal with pressing problems in his own department.

Generally speaking, however, increasing the efficiency of one group augments the efficiency of others. For example, streamlining procedure usually increases a manager's own efficiency, and that of his staff, because it reduces the number of queries and complaints received from other departments.

With rival claims to increase efficiency, a manager must decide priorities according to their importance and urgency; where possible adopting measures which promise to make the maximum contribution to the efficiency of the undertaking as a whole.

An axiom easy to state, but difficult to translate into reality, there lies the art of management.



THE HUMAN RELATIONS PROBLEMS OF ORGANIZATION AND METHODS

ERIC MOONMAN left school at fourteen to begin a printing apprenticeship. He was soon active in the trade union movement and founded in 1949 the Merseyside Guild of Young Printers. Later his interest in economics and social problems impelled him to attend evening classes and brought him ultimately to Liverpool University, where he read social science and received an American Conditional Aid Award to study personnel management at Manchester University.

After experience as a personnel manager he became Northern Manager of national daily newspaper. Since 1957 at the B. I. M. he has been concerned with advising firms on current practice in human relations and personnel administration. More recently he has been appointed to take charge of all the advisory services of the Institute. He has travelled widely and has studied industrial relations in the United States, Canada, Europe and the Middle East.

Mr. Moonman is a member of Lord Pakenham's committee on the after-care of prisoners. He has been appointed Director of the British Conference on Automation and Computation conference on 'Automation-Men and Money' the first to be held in England on the social and economic aspects of automation.

ERIC MOONMAN

The Human Relations Problems of Organization and Methods:

I had the pleasure to welcome to this country many groups of managers and technicians from the Far East and, in particular, from India. Invariably, the conversation turns to the human relations and personnel factors within the organizational setting. The centre of the discussion surrounds the work of the Organization and Methods officer in his work with specialists and line management.

This is not so surprising as it may appear because in the rapidly developing community the introduction of O & M tends to accelerate very quickly and therefore there is a tendency perhaps to ignore in the training of such men, the human relations or social factors. It would seem to me that there are three important attributes in O & M work:

Job Knowledge

Personality

Analytical Approach.

We are not directly concerned with the first and last, but rather with the individual's personality, this being a major factor in the study of human relations. The stresses and strains which arise in O & M are partly due to the numerous and various personal relationships of the officer doing his work. The people he has to approach may be co-operative or they may be doubtful, damning or just plain dumb.

The content of human understanding in O & M work is considerable. It will be examined here under two broad headings: a) How the O & M man gets on with people; and b) How he works towards a technically ideal system which, in practice, may not be attainable.

How the O & M Man Gets on with People:

(a) '*the getting-on process*' Whether in industry or commerce, there may be opposition to the O & M man - either the active or passive kind. The former type is easily identifiable and it is possible to take appropriate action where and when necessary. The dumb or passive opposition to the O & M Man, when he is introducing change, creates both psychological and practical problems. The O & M man must try and discover where their foundations lie and overcome the objections.

In one company I was associated with, the O & M man had an approach of "tell me what you do". This is the simple, naive approach, and can be very successful; but many systems men are not prepared to listen enough, nor do they ask the *right* questions. Professor Revans has also stressed the difficulty of finding this rare attribute in top management, which reminds one of James Thurber's "Scotty". The tale is concerned with a dog who went to the country for a visit. He decided that all farm dogs were cowards because they were afraid of a certain animal with a little white stripe down its back. He ridiculed all the animals and failed to listen to their complaints that they were attacked by this rather strange animal. But eventually, Scottie himself was beaten-up by the animal, so much so that he had to go back to the city and be put into a nursing home. The moral of the story is that it is better to ask some of the questions than to know all of the answers.

(b) *Selling an idea*: In interviewing staff he must show that he is not the 'smart Alec' who knows all the answers. The O & M man must try and lower the emotional tone within the company. He should usually rely upon logic and reason to support his arguments; nevertheless, he should also recognise that emotion can, and sometimes will, help him to make his point. He needs to be a salesman. Management should not expect all ideas for improvements to come from the O & M man. This can be bad for morale in general, but the O & M men should be able to explain, to listen and to win friends in the companies in which he operates. 'Selling the idea' depends upon his ability to talk to and convince an individual or group. The systems analyst may, therefore, be required to interpret a system to one line manager who will, in turn, explain the working arrangements to his employees or he may be asked to explain the plan directly to a group of workers.

(c) *Integrity*. However well a salesman may be motivated by the men from Madison Avenue, he may not always be guided by principle, but the O & M man must be dispassionate in selling the right technique in the right situation. He should get the evidence necessary for a project at first-hand; wherever possible seeking an interview with the staff actually doing the job and looking at the records personally. It is insufficient to rely on what the supervisor, however helpful he may be "thinks" is being done in his section or department. It is also desirable to see employees alone to get a complete and uninhibited understanding of the situation. Trace the authority of existing practice, regulations, orders, departmental instructions, etc. Make sure that these are being correctly interpreted in the present procedure or in any change you wish to make. The O & M man must be persistent and not 'put off' by comment or criticism. The work demands of the man that he should give good thought and advice. One might relate this to the current fashion in the installation of computers where small number of O & M men have been carried along on a wave of enthusiasm which cannot be related to the facts.

In some companies it may be quite feasible technically to install and operate a computer, but unsound economically. It is here that the systems man in making recommendations on the advisability of applying a computer, must carefully review the situation in the light of the needs of the company, rather than the gratification of his own enthusiasm and ego.

(d) *Clarity of expression*: The report also, enables the systems man to 'sell' an idea. He will have to explain the matter lucidly at meetings. A clear, simple style is required – not necessarily Rudolph Fleschian - but sense. The written report is sometimes read by more people than those to whom it is addressed and must be written to be intelligible to those who have no detailed knowledge of the department or of O & M jargon. Variations in the form of type or print may create irritating inconsistencies of presentation; standardisation is usual and includes a form which typists may use without special explanation. Why do so many O & M men – both in Britain and India fail to get their reports accepted, although they have been agreed in principle? Part of the reason can be discovered in documents which have been badly constructed. An impression can only be made if the individual is prepared to revert to some fundamental clear thinking. All the techniques of quicker reading, shortening sentences and using one - syllable words will not make a more efficient writer if he does not appreciate how his mind functions.

I would offer the following guide.

The apparent tedium of thinking out a new situation is avoided by many people. Instead, they prefer to accept uncritically, existing situations rather than to test their usefulness or efficiency. There are, of course, numerous influences which today inhibit the individual's clear thought, such as prejudice, mass media and the pressure of conforming. What I have to say on clear thinking is not new. Firstly, it is necessary to see the nature of a problem. This might be done by analysis based on a simple operation of the human mind - namely, the sequence of rational thought.

All industrial studies have this in common - there are numerous details, relevant factors and no - so - relevant factors, together with individual and sectional attitudes. They should be sorted out and one should constantly ask oneself, "What is the problem?" The preparation of evidence should follow; whether it be the handling of a meeting or the introduction of a new method in the factory. Then having taken all appropriate factors in to account, a conclusion may be reached. Avoid vagueness. Also check what influence, if any, prejudice may have on your decision - taking. An O & M man, because of close association with a particular form of mechanisation, e.g. punched cards, may tend to see all solutions in terms of punched card mechanisation; whereas in fact, the job may be better done by some other means. All the factors of a situation do not appear on the surface which point I shall discuss later under "Formal and Informal Organization".

The second stage of the individual's capacity to relate his feelings or ideas depends upon his manner of expression. There are many wrongly - worded statements and badly expressed orders in industry which merely confuse and create ill-feeling.

Sir Brian Robertson of the British Railways stated, "Not only should there be modernisation of equipment, but also modernisation of the mind". He was here referring to workers accepting new ideas and techniques. This is sound and it needs repeating, but acceptance of new ideas and techniques is dependent on the ability to interpret accurately what is being said.

The second stage of individual expression then, is to use a clear and simple style both in writing and with the spoken word. One facet of the problem is that responsible people in industry are unable to prepare intelligible reports. I havediscussed this with all levels of management and also with trade unionists and great concern has been expressed on the need for individuals to write a report

effectively and clearly. In the Civil Service, too, we find examples of deep misunderstanding such as this from a recent report, "An Individual's remuneration should not be what he actually has or had but what he might have had if he had done (or could have done) other than he did".

O & M men and management generally, will have to do more and more writing. Reports can be improved only if the O & M man thinks clearly. Intelligibility cannot be achieved by the human relations technocrats' grafting new skills onto you, or by merely adopting a set of mechanical rules.

(e) *Resilience – to overcome isolation.* The systems man has no team to assist him directly, nor to carry him through when discouraged. He has all the problems of the worker operating alone. He does not receive support from line management for having finished an efficient job; the only reward is his own inner satisfaction. In many cases the O & M man is looked upon with suspicion, even contempt, as an odd animal. In one company in Britain, the O & M man only received a desk after a year. This was due to the fact that he got off to rather an unfortunate start. He was sent to a branch factory and the factory manager was never told, until he presented himself on a Monday morning, who he was, what he was and why he was there at all.

How he works towards a Technically Ideal System which, in Practice, may not be attainable

The O & M man should appreciate that he is concerned with creating an ideal organisation structure which, in practice may necessitate extensive changes. He may have to modify his own proposals in the light of future circumstance.

Companies may have a skeleton in their (organizational) cupboard which rattles because of tension, confusion and conflict within. The alternative type of company structure is like a jelly-fish which has no bones and which, when exposed to the sun, dries up because it has no real communication, no muscles and no nerve-cells. It is essential for the O & M man to be aware as to which of these he is working within or under. He needs to sell the idea that good employee relations start with a sound organization structure.

He is responsible for creating an ideal organization structure whether it be in a department or section. He must determine what activities are necessary for a given purpose or plan and arrange them in groups which can be appropriately assigned to individuals (in effect this means drawing up an ideal system for a given purpose). In practice, the ideal chart is invariably modified in the light of the personnel available or obtainable.

It will be apparent that the O & M man is working within the formal or ideal organization. Every formal organization is built around a system of 'line' supervision, with each position superior or subordinate to other designated positions, as seen on an organization chart. Because it is explicit, the formal organization is widely recognised or known.

The individuals in a formal organization have certain organisational ties. Many external, social, political and locality groupings exert effective pressures on the individuals concerned; this is known as the informal organization.

It is at this point that the balance in the systems operations becomes acute. Built on the formal organization - the skeleton - are the informal or social groupings. It is essential for the O & M man to work with and through this, rather than around it.

Most European O & M men would agree that many of their major problems stem from the conflict between growing informal organizations and established formal organizations, and the battle ground is invariably an interpretation of management practice. Conflict is likely to occur when, for instance:

To men have been given the same responsibility.

Men are held responsible for situations in which they have no real authority.

countries well industrialised, without the advantage of a large number of colonies, with a concentration of the factories in the private sector, and with legislative vigilance against open or hidden monopolies. It is not then mere chance that the profession of management established itself easily and fully in U. S. A. In an interview reported in the *Times of India* (8th Feb. 1956). Charles H. Percy said that there was hardly a single company out of the 1150 companies on the New York Stock Exchange – whose management was not vested in a professional manager. The force of international competition and to a feable extent the force of imitation are fast forcing this practice in other countries. The emergence of the consultant-in-Management, the formation of several Management Associations, and the International Management Congress (1924) at the apex are significant indexes of the present-day trend.

5. Emergence in public utility:

In factories in private sector, unprotected by monopoly or imperialism, competition led to the emergence of the management profession though the consumers were scattered over immense areas. The emergence of management profession in public utilities was due to different cause, though monopoly was assured to them. Public utility was confined to small local areas. The vigilance of the consumers could be direct, immediate and effective. The number of litigation in respect of the public utilities in the countries where they were first established is an index of local vigilance. Apart from litigation pressure, there was also the pressure of public opinion. Public opinion is more easily cumulated and mobilised as an effective force in a small area and on local services than over a whole country or over a country – wide service. In India, many of the public utilities are entrusted to omnibus Local Bodies. But the failure in the emergence of the management profession in this class of local services is traceable partly to the affairs of a Local Body being entrusted to a member of the protected civil service, which had an unusual prestige during the British Period. It is also due in no small measure to the illiteracy of nearly 80 per cent of the adults, the absence of a public library system to dessеminate correct information and knowledge even among the literate few, and the consequent easy sway of party machinery over the Local Public. In other countries. public institutes have begun to employ management specialists. The establishment of the institutes of public administration in some of these countries is an index.

6. Emergence in Government.

The spread of the management profession into the sphere of national and international Government was initiated in 1937 by the *report* of the President's Committee on Administrative Management. It was transmitted to the USA Congress by F.D. Roosevelt with the endorsement. "A Government without good management is a house, built on sand." The cause predisposing such a move was the nationalisation of the production and distribution of many commodities and services, lying outside the conventional functions of a Government. At the first election of Roosevelt as President (1932), there were only ten public corporation. By (1936), this number rose to 93. On his election for a second term (1936) he sensed the problem caused by so many enterprises in the public sector and realised the need for the colossal enterprise of the Government itself to take help from the new profession of management. The newly emerging Indian Government too is endeavouring to practice this. But mistakes naturally occur in the first endeavour. One mistake is the interference by the political chiefs with the flow of efficient administration. Another is in the civil service personnel tending to out-do even the politicians in speech - making and expounding ideologies and policies. What is needed is to plant good management within the machinery of Government and to stimulate the civil service personnel to practise managerial virtues as opposed to political and demagoguish ones. The earlier this happens, the safer will be the state and the greater will be the social well - being.

CASE STUDY

It has been suggested by many subscribers that a column on Case Studies would be of interesting reading and at the same time serve a useful purpose. We have been trying through different sources for obtaining a few case studies relating to Indian Industries. But unfortunately the response was not quite favourable. Mr. Omar L. Dewitt of the T. C. M. has been kind enough to send a few case studies of which one is published in this issue. The remaining would be published in the subsequent issues. The problems faced by any Industry and how they were solved would be an eye opener to themselves and to others. Many companies in India are reluctant to give out such information. Our country is fast developing industrially and we can ill afford to commit the same mistakes over and over again.

You are therefore invited to send us Case Studies on interesting problems for publication in this column.

Our thanks are due to Mr. Omar L. Dewitt, Technical Co-operation Mission to India of the United States of America and the National Productivity Council in making available this material for publication.

EDITOR

WESTERN PAPER COMPANY PROFITS FROM MODERN METHODS

By

Omar. L. DEWITT

Vice - President, George Fry and Associates U. S. A.,

Mr. Omar L. DeWitt of La Grange, Illinois is the group leader of a fifteen-man team which is working with the National Productivity Council. Mr. Dewitt is Vice-President of the George Fry and Associates, Firm of Management Consultants, with offices in Chicago, New York and Los Angeles. They will work with the NPC for two years. The team has Specialists in work study, methods, marketing and sales, tooling and personnel.

Members of the team travel extensively throughout India to help train Indian counterparts and technicians in productivity methods in industry. They are assigned stations in The Regional Directorates of NPC. These include Bombay, Bangalore, Madras, Calcutta and (Kanpur – New Delhi).

Mr. DeWitt has had broad experience as an industrial engineer in Executive Posts, including such firms as Oldsmobile Division of General Motors and with the Murray Corporation of America. He took his Engineering education at Michigan State College. His work in India, in addition to handling his teams operations, includes making special studies of Industry and Business for N.P.C.

Under a previous ICA contract Mr. DeWitt spent several months in Chile on a productivity project. He is stationed in New Delhi, with offices at NPC, located at 38 Golf Links.

This tablet and stationery manufacturer found that a small paper converting plant can profit from a modern incentive plan and efficient, labor-saving layout.

A small manufacturer in the United States need not suffer from antiquated methods of operation merely because it is small. This fact, recognized and acted upon by progressive management, has made the Western Paper Company one of the most efficient paper converters in the country.

Under the late George West, second generation

A manager, therefore may have authority to take certain action, but the informal groupings prevent him from doing so.

It would seem that the O & M man is concerned not only with creating the right system, but with one that has built into it, sufficient interest to retain the full enthusiasm and co-operation of the employees.

Top management should ensure that O & M is regarded as an important specialism of management. If top management are insincere in their intentions towards O & M and the possible outcome of project work, no programme will be successful.

This brings me to my final point which is concerned with the authority which the system unit may or may not have within a company. The question, as to whether it can appeal to any senior executive or committee causes anomalies in relationships between line management and O & M men.

Neil Pollock, a fellow country-man and a leading authority in O & M has said that, whilst the role of the systems unit may be advisory, the authority to which it reports should be in a position to make a final decision. He pictures a final 'court of appeal.'

Clearly, it is frustrating for a O & M man to carry out a long and careful assignment, to produce an extensive number of reports or charts for different levels of management and to obtain the co-operation of employees, only to find that his recommendations have been rejected. This is not to say that one should try to eliminate all honest differences of opinion, but the specialist, -and this applies also to the O & M man, - is always welcome to discuss and have his proposals challenged. If the systems unit is to have no executive authority of its own and is intended to be effective, then it must have authority on the lines suggested.

To summarize: The study of human relations can help the O & M man to obtain a balanced approach. Not only should the man have job knowledge and an analytical approach, but he clearly must be able to understand what makes people - including himself - "tick".

Emergence of the Management Profession

(Managerial Science in the Making 2)

Dr. S. R. RANGANATHAN,
President, Madras Library Association.

1. Inhibition by the Smallness of Enterprise.

Management has been all along exclusively the chief function of the owner or of the chief of an enterprise or an institution. He alone knew all the threads - be they material, monetary, or human. He alone had a full view of the objective towards which all the factors involved in the enterprise or the institution should be used in a co-ordinated way. In the discharge of the function of Management, the owner or the chief was guided solely by his superior innate flair. There was hardly anything impersonal and objective in any of the areas of management - be it location, lay-out, fixtures, fittings, furniture, work-flow, quality control, testing the product before release, marketing problems of personnel finance, accounts, market survey or expansion. They were all guided subjectively by the personal flair of the owner or the chief. Flair is at bottom, one-man's affair. It can go only a small way. Its limitation come to surface gradually with increase in the size of the enterprise or the Institu

2. Inhibition by Monopoly:

The discomfiture caused to flair by the mere increase in the size of an enterprise or an institution did not prove sufficient to recognise the need for a science of management or for the profession of management so long as monopoly prevailed. The complascent dependence on flair received its real shock only in a competitive enterprise supplying commodities or service admitting of immediate assessment. The hazard became high. Success or ruin became the only two alternatives; and these were immediate and visible. The risk of ruin has to be minimised. For this purpose, Management had to be guided by deliberate methods based on definite, basic, objective, normative principles. Flair had either to give way and to accept a heavy dose of intellectual methodology and measurement be it exact or merely statistical. This necessity did not arise either in an enterprise which was virtually monopolistic or in an institution such as a school, college or University leaning on public subsidy. It does not arise at all in the big enterprise of Government itself. For it continues to be a monopoly par excellence.

3. Inhibition by Imperialism.

Naturally therefore the first recognition of management as a profession, for which a person can be sent should be fitted by special education as for any traditional technical profession, came from factories. Even here recognition was delayed in the factories in imperialistic countries with a vast colonial hinterland for exploitation either for raw materials or for marketing. Protection by political measures, readily got from the imperial Government in the earlier years and by specious apparently agreed techniques such as imperial preference in the later years, made the factories insensitive to the value of scientific management or to the need for recognising management as a profession with its own techniques. There is delayed recognition of the value of scientific management or at least failure to act on its recognition in a factory in the public sector, so long as it is sure of either a monopoly secured by administrative manipulation by the Government or of its not being accountable for failure due to inefficiency in management.

4. Emergence in factories in U.S.A.

Naturally therefore, the science of management and the management profession had their wide opportunity in the first instance only in conveyors running toward each other, which were both to empty onto a third conveyor running to a floor below. The only solution seemed to be two conveyors running to the lower floor until the plant maintenance man suggested an ingenious device.

One of the two converging conveyors was placed above the other and the last section was hinged and counterbalanced. Material on the bottom conveyor passed freely beneath the upper one and on to the lower floor. Whenever a package on the upper conveyor reached the hinged section, its weight caused the moveable section to drop, allowing the package to transfer to the lower conveyor and on to the floor below.

The use of systems devised by men in the plant was a valuable part of the program. In the beginning, supervisors were given a training program which made them aware of better methods and as the program progressed they contributed a steady stream of ideas.

Mr. West credits his supervisors with many practical changes that might never have been made without their constant attention. For example, a supervisor got extra production from a machine in ways that had not been envisioned even by the original manufacturer of the equipment.

As a result, management is well pleased with its policy of taking the shop into its confidence at every possible point and of keeping the employees informed of everything going on.

Perhaps the most important factor in the success of the program has been the open-minded attitude of company executives toward changes and improvements. The engineers reported that their suggestions never met with the resistence of traditionalism even though the West family had operated the company for three generations.

Apparently this attitude was a reflection of the progressive spirit which had led William West's grandfather to go into the wholesale sundries business in Texas in 1892.

Having taught school, the elder West was familiar with the stationery line. About this time the State of Indiana discontinued the use of writing slates so the Western wholesale house added the manufacture of writing tablets to its business.

Today two generations and 58 years later, the Western Paper Company reconditioned and reorganized, looks forward to many more years of successfully manufacturing and selling paper products in a competitive market.

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BUSINESSMAN'S LAWYER

MANAGERIAL POWERS WITHIN THE MEANING OF THE COMPANY'S ACT

Many are the instances where expressions are defined in the Companies Act by begging the question. Following are some of them :

" Manager " means an individual who has the management of the whole or substantially the whole of the affairs of a company and includes a person in the position of a manager by whatever name called.

Similarly, a 'managing agent' means an individual, firm or body corporate entitled to the management of the whole or substantially the whole of the affairs of a company and includes those occupying the position of a managing agent, by whatever name called.

So also, a managing director means a director who is entrusted with substantial powers of management and includes a director occupying the position of a managing director, by whatever name called.

Secretaries & Treasurers too means any firm or body corporate which has the management of the whole or substantially the whole affairs of a company and includes those occupying the position of Secretaries and Treasurers by whatever name called.

Thus it will be seen that the common denomination for all the definitions is substantial powers of management. Therefore if a person is entrusted with the whole or substantially the whole of the affairs of a company, he will be under one of the above categories of managerial personnel, except the last one. The last is exempted merely because a firm or a body corporate alone be appointed Secretaries & Treasurers of a company. There are many distinguishing features between the categories of managerial personnel, but here we shall confine ourselves to the question of what types of responsibilities and powers that are necessary to bring one within the categories of managerial personnel. This subject deserves serious consideration not as a guide to play power politics. Nor is it to evolve a criteria to grade the varying importance of the officers of a company. The importance of the different personnel may entirely depend upon their individual personality, egorcentricity and self opinionation, but here we are concerned only with the legal dimension of the problem.

The legal implication has an important bearing for more than one practical consideration. As stated in earlier articles, a person may not have the designation of a managerial personnel and yet he may be one under the Indian Companies Act and vice versa. Therefore unless a legal criterion is evolved, at no point of time can a company be doubly sure whether or not it has complied with for instance Sec. 197 and 198. Without bothering the reader to refer to the Companies Act, it may be added here that Sec. 197 (A) prohibits simultaneous appointment of different categories of managerial personnel and Sec. 198 limits the overall managerial remuneration. Thus a necessary prerequisite for complying with the Companies Act is a criterion to verify and ascertain whether or not a person is a managerial personnel or deemed to be one within the meaning of the Indian Companies Act.

What constitutes the managerial functions of a company ? The definition clause of the managerial personnel under Sec. 2 only begs the president, the company gave its production methods, wage policies, cost control and price schedules a thorough overhauling after the war. The improvements, put into effect over the past five years, have resulted in a 15 per cent reduction in direct labor costs, even while individual employees earnings have increased. To sell the increased volume of output has required extra effort from the sales department while lower production costs gave the company some leeway for bringing prices down to better competitive levels.

Despite all the improvement, William West, who became president of the company at the age of 32 when his father died in 1949 feels that the job is only begun. Revisions in production techniques cost control and sales methods are a continuous process, Mr. William West says.

When wartime backlogs became a thing of the past and competition is loose leaf fillers again became keen, Western Paper Company decided to do a major reorganization job. The company engaged a firm of Management Engineers, of Chicago, to help analyze its problems.

One of the first things that the Consulting Engineers discovered was a lack of information on costs. Since "Western" manufactures writing tablets, loose leaf fillers and a number of other paper products and also operates a wholesale house, cost data was needed to enable the company to do a better job of setting prices on individual items. Until that time, prices had been set according to varying market conditions and no one could tell exactly whether or not a particular line was profitable.

The second operation was the revision of the incentive pay system to enable more people to share in it. When the Consulting Engineers first examined the system, comparatively few of the employees were on piece work, so incentive earnings were limited to a small group.

Third, the company did not have sufficient information on specific jobs to determine wage differentials accurately.

Fourth, plant methods and layout, though in good condition, were open to further improvement.

Fifth, sales territories were limited because the company had been operating in the dark with respect to many of its costs.

And finally, plant supervision, though progressive, needed a shot in the arm.

The incentive program proposed was a standard-hour program on an individual basis wherein an employee received an increase in earnings in direct ratio to any increase in production above an established standard. Hourly base rates were guaranteed and no one working under this program could earn less than he did when working day work.

The standards of production were established on facts gathered through time studies by the Consulting Engineers. These standards were expressed in terms of time rather than money, thereby resolving any disputes over standards to time rather than to money. The money factor was left as a matter of negotiation with the company.

The program worked like this: Assume that an emyloyee whose base rate was $ 1.00 per hour worked at a task for which the established standard was 1.0 hour per 100 pieces and during an 8.0 hour day he produced 1,000 pieces. His earnings were determined by multiplying 1.0 hour divided by 100 pieces (.01), by 1,000 pieces, giving 10.0 earned hours.

Let us further assume that during this day the employee lost ½ hour due to conditions beyond his control, such as a machine breakdown. This ½ hour was considered as day work and added to the 10.0 earned hours for a total of 10.5. For that day the employee earned 10.5 hours pay for 8.0 hours work at his base rate of $1.00, or $10.50.

Each day stood on its own and was not averaged with days below standard. This forced management to investigate below-standard production.

The program is dynamic rather than static, which overcomes a weakness found in many incentive plans. It also enables management to keep a "finger-tip" control over labor costs.

The program also has provisions for the indirect labor crews, thereby affording these workers the opportunity for increased earnings and provides management a control over the size of the crew.

During the long and delicate process of installing a wage incentive system, the company, the engineers and the union co-operated closely to make sure that the new scales would be advantageous to all. In fact, the union was brought in on the operation at the start, as part of our consulting firms belief that any successful incentive plan must have the consent of those who have to work under it.

At first the union membership rejected the proposal, but the business agent of the union agreed that nothing in the contract prevented the company from installing the program. With this understanding, the company offered individual groups of employees their choice of working on a straight day work basis or working against standards with an opportunity for increased earnings.

When the employees saw that the standards were attainable and that the opportunity for increased earnings was a reality, the majority of the first group accepted the proposal. It became a matter of time for the program to take hold and in a few months even the most skeptical wanted to work against standards.

In the area of mechanical layout, the company and the Consulting Engineers achieved economies that many observers felt could not be done because of the small size of the plant. Nevertheless, the new arrangement eliminated nearly all handling of materials from first cutting to shipping, and the layout was completed without the purchase of any new equipment. Conveyor equipment was improvised and built by a general maintenance man in the plant.

One change, for example, involved the operation of a Renz banding machine. It was found that three workers were used to operate the machine: (1) feeder, (2) wrapper and (3) labeler and skid stacker.

Analysis of the operation revealed that two people could perform the operation if the labeling and disposal of wrapped units was improved. With the aid of a Potdevin labelling machine, a section of conveyor and rearrangement of the wrapper's work area, the need for a labeler was eliminated. The wrapper could now perform the labeling operation and dispose of the work easily.

A similar change was made in tablet wrapping. Conveyors placed alongside the work station eliminated the need for stacking the finished works on skids.

Western Paper Company had a material handling problem common to any operation where the plant is housed in a multistory building: how to supply raw materials to the various floors and to move out the finished product at an economical cost.

The elevators were in constant use and a bottleneck during busy periods. Since the handling of finished products was in this case the more important problem a layout was designed to use the gravity drop principle in disposing of finished goods or work in process.

The equipment was arranged in such a manner to allow the use of conveyors between all operations with the exception of movement between ruling and first way cutting. Conveyors were placed in such positions that with a quarter turn the worker obtained his material and with another quarter turn disposed of his finished work.

In one section of the layout a problem was encountered in transporting material from two question. We are therefore constrained to seek elsewhere for guidance.

In the Industrial Disputes Act and the Shops & Establishments Act, the term " persons in managerial position " has been used. The courts in India have had occasions to define the term. For example in Standard Vacuum Oil Co., vs. Additional Commissioner for Workmen's Compensation reported in M. L. J. 1961 page 3, a Bench of the High Court of Madras had to consider whether an employee receiving a salary of about Rs. 1000/- per mensem as Operation Assistant of the oil company came under the category of staff in managerial position. The employee contended that in so far as he was subject to the overall supervision of the Operation Manager, he did not hold a position of managerial personnel.

The Court observed that though there may be one person acting in the general management or control of an establishment, there would be in a larger establishment several others who could be in managerial or control of particular departments. If an employee is under the overall supervision of a supervising officer, that fact could not make the employee any the less a person employed in a position of management. Therefore the term 'position of management' in the said Acts refers to executives and heads of departments. The 'managerial personnel' as used in the Companies Act thus has no relation to the term 'position of management' used in the other Acts. We shall have to look elsewhere for guidance to define the scope of " managerial functions".

We will have to therefore closely examine the Companies Act for guidance in the matter.

" Secretary " is not included in the category of managerial personnel as can be seen from Sec. 198. The term 'secretary' is defined to mean one performing the duties of a secretary and other purely ministerial or administrative duties. Therefore the duties of a secretary and administrative functions are not managerial functions. Administration means the control and planning and coordination of a wide range of routine work centering on procedures. Important as they are in themselves, they are not 'managerial functions' within the meaning of the Company Law. This view is further reinforced by the proviso to the definition of the term 'managing director'. It is provided therein that the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within substantial powers of management.

The Board of directors of a company shall be entitled to exercise all such acts and things as the company is authorised to exercise and do subject to the provisions of the Companies Act (Sec. 291). Thus the Board of Directors is the body to which the responsibility of management is specifically entrusted. The Board of directors subject to the Articles of the company may further delegate the responsibility of management to one or to a committee. Very often the circumstances may compel such a delegation. The Board being a deliberating body by its very nature may have to delegate the 'executive' part of the responsibility to get the job done, as required by the Board, "to convey policy from the Board of directors to the members of the executive structure is the task of managing director. His responsibility consists in interpreting policy into terms of operational instructions and reporting back to the Board on their working. The Managing Director is specifically appointed and recognised as the executive head of the organisation, responsible to the Board for ensuring that policy is correctly interpreted and that there will ensure effective fulfilment of the policy so as to achieve objectives." (F. L. BRECH, in his book. The Principles and Practice of Management.)

The same principle can be extended to other managerial personnel, be they called manager or managing agent or secretaries & treasurers.

In other words, the one who is 'solely' responsible to the Board of Directors of a com-

pany is the managenerial personnel of the company within the meaning of the Companies Act. The managerial responsibility by and large consists of a two way communication system—one in conveying the policy of the Board to the executives and the other in reporting back to the Board the extent to which the policy has been implemented. Therefore the primary managerial functions consists in interpreting a policy into instructions for executive action. The one to whom the Board entrusts the task of carrying out its decisions alone can be called the managerial personnel of the company.

The managerial responsibility will include the planning and regulating the operations of any undertaking, which means the overall supervision of the enterprises. Managerial personnel represents meeting point of deliberations and executive actions : conversion of decisions into orders.

Sec. 197 has further ensured that there can be only one such personnel. If therefore a company has directors holding full time executive appointments, such directors " exercise two distinct functions or living two different roles, they share the corporate responsibility of directors as members of the Board, when sitting at Board meeting; they return to their rather different position as executive subordinates to the managing director when they leave the Board room to take up their responsibilities for specified parts of the organisation." E. F. L. Berch.

One who is primarily responsible to the Board and to whom in turn the executives or the heads of Departments are responsible is the managerial personnel of the company.

The following are some of the powers which are considered important from the point of the Companies Act and they may be delegated to managerial personnel only by means of a resolution passed at meetings of the Board (Sec. 292).

The powers so specified are:

(a) The power to borrow moneys otherwise than on debentures.

(b) the power to convert the funds of the company

(c) the power to make loans.

The aforesaid powers could be delegated only to managerial personnel of a company. Under the amended Act, they can be delegated to "any other principal officer of the company or to a principal officer of the branch office." The amendment has been introduced to provide for a contingency that may arise when the managerial personnel will be away and to be able to delegate necessary powers to a principal officer of a branch office. Providing for a contingency does not alter the fact that the above are some of the powers which would be normally delegated to the managerial personnel of the company and conversely the one who holds or exercises the above powers may be in the normal course of things be considered the managerial personnel of a company.

Therefore in the agreement executed or resolution passed appointing a managerial personnel normally the following powers should be included as can be inferred from a referrence to the general powers of management in Palmers' Company Precedents.

Without prejudice to the generality of the foregoing provisions, the managing Director manager/managing Agents shall on behalf of the company have power to:

(a) make and effect all such purchases and sales of property and claims as they or he may think proper subject to Sec. 293.

(b) make all such loans and advances as they or he may think proper and as may be authorised by the Board under Sec. 292.

(c) Invest moneys of the company in stocks, funds, shares bonds, debentures, debenture stock and other securities as may be authorised by the Board under Sec. 292 and subject to Sec. 293.

(d) Generally to carry out such transactions as they or he considers expedient in the interests of the company.

(*Contd on page 25*)

CHRONIC HEADACHE

If you are a person who suffers from frequent headache or even a persistent headache do not neglect it. Headaches may be only a trivial disorder, on the other hand it can be a symptom of a more serious underlying illness.

The more trivial causes may be just lack of good lighting and good ventilation.

Often one sees a man holding his hand in his two hands, as though his head is about to burst. "I have a rotten headache" says he, "it must be the glare in this room". Yes, it might be the glare due to faulty lighting in your office and in your homes, therefore check on them first if you are chronic sufferer of a headache. A fairly bright light to shine from behind you, on the book you are reading is a good and simple rule to follow.

The second factor to be noted is good ventilation. Modern buildings with good ventilation are all right, but most of us are still to learn not to be afraid of "fresh air". How many times have we seen houses with closed doors and windows with the occupants inside them. This should be avoided so as to permit a free flow of air in and out of the rooms. Overcrowding in bed rooms should be avoided. Lack of fresh air while sleeping at night can cause a dull headache, lasting throughout the day.

If in spite of the following these good principles, you still have a headache, ask yourself the following questions:

1. Is it increasing or decreasing in severity?
2. Is it constant or does it come on in paroxysms?
3. If it is paroxysmal, what is the duration of each attack?
4. Does it occur at any special time of the day?
5. Is it precipitated by any particular circumstance or activity?
6. Is it localised in any one area of the head?
7. Is it accompanied by vomitting or giddiness?

Of course, these questions will be asked by your doctor when you go to him for your headache and they will be followed by an investigation of your eyes, teeth, sinuses, blood pressure and urine. If the diagnosis is still not clear, then more detailed radiological and laboratory examinations will be done.

As lay people you might be interested to know at least some facts about the causes of a 'headache'. As each cause is a vast subject in its own capacity, it is not easy to explain each in detail, but here are a few lines on each.

1. Diseases of the skull: We are aware of the fact that the skull is a bony box like structure enclosing the brain. Any disease of the bone of the skull can cause a severe burning and boring pain inside the head.

2. The skin covering the surface of the skull has fine nerves supplying it called the "cutaneous nerves of the head and face". Inflamation of these nerves causes a paroxysmal type of headache traversing along with the course of the nerve taken in the head and face.

3. Headache can be a "referred pain". Referred pain is one of the interesting facts in our bodies and it is a pain felt in one area, though the actual disease is somewhere else. The reason is simple. It is because the nerves supplying both these regions have their origin from the same main source.

4. Eye strain, inflamation of the eye, middle ear and sinuses or increased tension inside the eye ball (Glaucoma) tooth abscesses can cause a headache.

5. Maningeal irritation may be the reason for a throbbing and bursting kind of headache with even rigidity of neck muscles. The Maninges is three layered membranous covering of the brain and spinal cord. The fluid within these layers is called the cerebro-spinal fluid. Increased or decreased tension of this fluid causes a headache relieved only by lying flat on the back.

6. Vascular disorders or disease of the blood vessels like Hypertamon, Anaemia, heart disease arterio seleros and like conditions should be ruled out in investigating a headache.

7. More serious kinds of headache are caused by brain tumours, head injuries etc.

8. Psychogenic factors play a great part in headaches.

B. MIGRAINE is a paroxysmal affiction characterised by a severe headache, often one sided associated may be with vomitting and disorders of vision.

Heredity plays a great role in most of the cases and many distinguished men have been its victims, migraine is usually found in very intelligent and efficient persons but they are also of a highly sensitive introverted and an obsessional temperament.

A number of theories have been put forth as to its direct cause like gastric trouble, spasm of the arteries in the head or eye, error of refraction, nasal trouble or even trouble with the sexual organs.

A powerful emotion, fatigue or allergy of some form precipitates an attack. These attacks might last even a few days and might come with a regular periodicity.

Patients who suffer from Migraine should follow these few rules:

(1) Avoid excitement.

(1) Take regular meals with low carbohydrate intake.

(3) correct errors of refraction.

(4) Cultivate regular bowel habits.

A dark quiet room with sedatives and alkalies are the best treatment for an attack of Migraine.

(Cont'd from page 23)

Therefore the following are some of the essential features to bring a person under the category of managerial personnel within the meaning of the Companies Act.

1. Direct responsibility to the Board of Directors.

2. All other executives to be subject to his/ their superintendence, control and direction.

3. Delegation of powers with ordinary circumstances under Sec. 292 (1) c, d and e.

4. General and Residuary powers to carry out such transactions as may be necessary to promote the primary objects of the company.

NEWS & NOTES

THE THIRD CONFERENCE ON HUMAN RELATIONS IN INDUSTRY

The Third Conference on Human Relations in Industry organized by the South India Textile Research Association, Coimbatore was inaugurated by Shri V. V. Giri, Governor of Kerala on Saturday, 24th June, 1961. Shri G. K. Devarajulu, Chairman, Council of Administration, SITRA presided.

The two day Conference was attended by nearly three hundred delegates from all over India representing management, trade union, government and academic interests. 118 organizations both textiles and non-textiles were represented at the Conference. The organisations included besides ATIRA AND BTRA, Government of India — Planning Commission and Ministry of Defence, Government of Madras - Department of Industries, Labour and Co-operation, Government of Kerala - Department of Commerce and Industry. National Productivity Council, Employees State Insurance Corporation, Indian Institute of Personnel Management, U. K. Trade Commission, Technical Co-operation Mission, Local Productivity Councils from Mysore, Madras, Salem and Coimbatore, United Planters Association of South India, the Southern India Millowners Association, etc.

Inaugural Session.

Shri K. Sreenivasan, Director of SITRA welcoming the Governor and the delegates said that the broad aim of this series of Conferences is to study problems in the field of human relations in industry. The objective is not so much to find ready made solutions to problems, but rather to increase our understanding of relationships within the industry. He hoped that the popularity of the SITRA Human Relations Conference is an indication that the sponsors are achieving some measure of success.

Presiding over the inaugural function Shri G. K. Devarajulu said that India has embarked on large scale industrialization and the objective before the country was to create a technologically mature society. In human terms, it involved the conversion of an essentially rural agricultural society into an industrial one. This would be one of the greatest social changes in the history of India and unless it was carried with due regard to the human factor involved it might impose a strain on the social fabric. Productivity in India was very low compared to other industrialised countries and this was particularly so in textiles. By and large, the tempo of increase in productivity can be quickened by the establishment of better human relations in industry.

Inaugurating the Conference, Shri Giri said that the employers have to-day realized the necessity, importance and usefulness of giving due consideration to the human problem in the running of an undertaking. The subject of industrial relations itself has come to occupy its rightful place in the industrial and social set up.

The value of good industrial relations and the maintenance of industrial peace for raising the tempo of production has assumed much significance in recent times. The workers had come to realise that they could not always agitate for a greater share of the profits unless they put forth efficient work resulting in the improvement of the product, both quantitatively and qualitatively.

Shri Giri said "I am of the view that both employers and workers engaged in an industry should consider themselves as partners in the industrial set up. We should evolve healthy traditions and codes of behaviour which should govern employer - employee relationship."

The Governor said he believed in minimum industrial legislation. They should evolve healthy traditions and codes of behaviour. Legislation enacted should be more to codify the existing conventions and traditions thereby giving them a legal status and respect.

The Governor concluded: "A word about SITRA. Your Association has been of immense assistance to the industrialists, workers and the general public in more than one way. The research work undertaken by you and the Seminars and Conferences which are often organised to evaluate the different subjects amply demonstrate your earnestness to make the textile in the South as the most modern and up-to-date. I am quite sure in my mind about your great potentialities and am certain that you will not belie the hopes and faith placed on you by the people."

Shri P. V. Veeraraghavan of SITRA proposed the Vote of of thanks.

Specialist talk.

In his talk entitled "The Indian Executive of To-morrow" Shri P. L. Tandon, Director, Hindustan Lever Ltd., Bombay brought out the need for departure from the time honoured practice of regarding industrial management as the monopoly of the families, because of the fact that industrial management to-day is essentially a technique rather than a tradition. He therefore advocated for industry the cultivation of personality patterns analogous to what has been developed in the Defence services of this country.

Selection, Promotion & Training Practices

Shri D. C. Kothari, Madras presided over the session on "Selection, Promotion & Training Practices".

Speaking on "Training for Top Management" Shri K. Swarup, Chief Administrative Officer, Integral Coach Factory, Madras stressed the importance of developing leadership qualities among management personnel.

The Study Group Report on "Supervisory Selection and Promotional Practices" was presented by Shri P. Balasubramanian, Assistant Manager, Coimbatore, Spinning and Weaving Mills Ltd. Shri C. V. Natarajan of SITRA presented a report on "Middle Management Training". The report emphasised the importance of top management participation in the training programmes. Shri P. Murugesan, Technical Advisor, Sivanandha Mills Ltd., Coimbatore read a Study Group Report on "Selection Promotion and Training of Workers in the Textile Industry".

Communication Practices

The Session on "Communication Practices" was presided over by Shri N. K. Krishnan, President, District Mill Workers' Union, Coimbatore.

Dr. Kamala Chowdhry, Deputy Director, ATIRA highlighted the fundamental considerations relating to communication practices in industry. She discussed communication practices as they apply to the roles of the managing director, the chief executive and those at the lower levels of the ladder in an organization.

The Study Group Report on "Committees in Industry" presented by Shri S. R. Krishnamoorthy, Southern India Millowners' Association pointed out certain findings of significance from the point of view of bettering human relations in industry.

In the Study Group Report on the "Role of Union Representative in Industry" Shri K. Sreenivasan, brought out the findings of the group that went into the question of making it possible for union representative to function effectively in the communication pattern of the textile industry. Interest centred around the leadership role of the union representative and the traits demanded of the ideal union representative.

Productivity and Human Relations

Shri P. V. Veeraraghavan of SITRA presented a report on "High and Low Producers in the reeling Section of Textile Mills. The report dealt with socio-economic and personality differences among the workers, attitude towards production, incentives level of aspiration, influence of trade unions, etc.

Another Study on "Human Relations in Industries — Large, Medium and Small" reported by Dr. V. S. Rastogi, Personnel Officer, Imperial Tobacco Company of India, Madras found a striking contrast between large and small industries. Whereas large units have been observed to make efforts to enlist the co-operation and building up morale of workers, the small units have tended to depend entirely on the personnel contact of the employer. In consequence, Labour productivity has been comparatively more satisfactory in the former case and economic satisfaction has been positively related to the size of the unit.

Shri K. Venkatesalu, Manager, Coimbatore Spinning and Weaving Mills Ltd., presided over the session.

At the concluding session Dr. W. T. V. Adiseshiah, Chief Psychologist, Ministry of Defence, Government of India and Shri K. B. Thimmayya, President, Mysore State Productivity Council summed up their impressions about the Conference.

With a vote of thanks by Shri K. Sreenivasan, Director, SITRA, Conference came to a close.

IMPORTANCE OF INCREASED PRODUCTIVITY CITED BY U. S. CONSULTANT

BOMBAY, June, 13.—The importance of increased productivity in industrial establishments and some of the means of achieving higher levels of production were cited here Monday by Mr. Omar L. DeWitt, leader of a team of American specialists working with the National Productivity Council (NPC) of India.

Addressing members of the NPC on "Modern Methods in Industrial Engineering" at the BEST Conference Hall Mr. DeWitt, who is stationed in Delhi, stressed the importance of "positive thinking" in increasing productivity. He said "Spend 80 percent of your time figuring how to do a thing better, even a little better, instead of using that time to explain why a thing cannot be done."

Mr. DeWitt is Vice President of George Fry and Association, a well-known firm of management consultants in Chicago. Under contract with the U.S. Government's Technical Co-operation Mission in India, the firm sent a team of 13 management consultants to this country last year to work with the National Productivity Council. Three members of the team recently returned to the U.S., but will be replaced by five additional specialists in the near future.

Dwelling briefly on the work that the team is doing in India, Mr. DeWitt emphasised that they were not here to tell Indian producers to adopt American methods. American methods may not necessarily be the best ones for them, but there must be some method best suited to their needs and means. It was for Indians themselves to find that method, he added. From the American experience they might select their own principles and ideas, he suggested.

Mr. Dewitt addresing a Seminar on Production Management organised by the Madras Productivity Council at Madras. Seated next to him is Mr. M. K. Raju, Dy. General Manager, India Pistons Ltd., who presided over the function. Mr. V. Ramchandran, Training Director, N. P. C., is seated next to him.

To illustrate the relation of new methods to productivity, Mr. DeWitt cited increase in production and decrease in costs in America and said that modern methods helped produce commodities at less cost without any additional investment or having to work any harder. These methods are designed to increase efficiency and production with existing facilities and means, he said.

Referring to the role of industrial engineers in this direction, Mr. DeWitt said that they have their problems, such as that of convincing top management of the efficiency of new ideas that they may come up with. They must be able to present these ideas graphically and work their own hands to prove them, he said.

He further advised industrial engineers that they should train the men working under them in modern methods not only in the interests of productivity but in their own interest as well. If there were not men competent enough to take over their jobs, they would not be able to go to better jobs, themselves, he pointed out.

Summing up Mr. DeWitt listed five main points to increase productivity: (1) Do things the easiest way—"be intelligently lazy", (2) Think positively 80 percent of the time, (3) Train yourself and the people under you, (4) Plan your work and do the most important thing first; do not begin with the second most important thing before you have accomplished the first one, and (5) Keep on going to training programmes.

Mr. Alec Miller, chief engineer of the New Standard Engineering Co., who presided, proposed a vote of thanks.

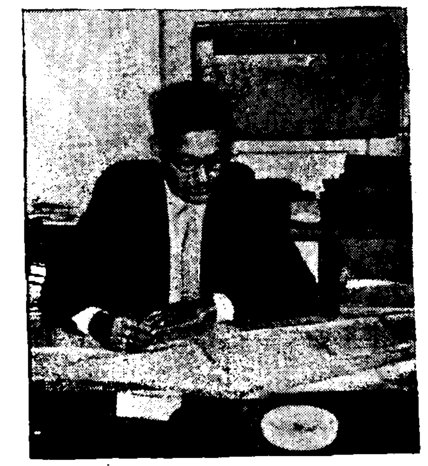
EXECUTIVES OF INDIA

Sir. WALTER MICHELMORE

MICHELMORE, Sir Walter Harold Strachan, M.B E. (Jan. 1945). Born 4th April 1908; educated Sherborne and Balliol College, Oxford, where he read Economics. Joined Bird & Co. and F.W. Heilgers & Co. in 1929. Served in the Indian Army, 1940-1946 during World War II and attained the rank of Major. Appointed by Govt. of India to Coal Commissioner's Office, Calcutta, in 1944; helped to regulate the flow of coal to consumers. Rejoined Bird & Co. as Head of Coal Dept. in 1946. Managing Director, Bird & Co. Ltd. and F.W. Heilgers & Co. Ltd. 1st Jan. 1949 and Deputy Chairman of both Companies, March 1955. Chairman 1961. Chairman, Indian Mining Association from 16th March 1951 to March 1953 and Association's representative on Advisory Committee on Stowing and the Minerals Advisory Board. President. Bengal Chamber of Commerce and Industry and the Associated Chambers of Commerce of India, Feb. 1957 to Feb. 1958. Created Knight Bachelor June 1958; Member Committee of the Bengal Chamber. Founder Director of the India Reinsurance Corporation; Member of the Board of Directors, State Bank of India; President, United Kingdom Citizens' Association, 1959. Member, Board of Governors, The Administrative Staff College of India; Vice-President, The Calcutta School of Music. Clubs: Calcutta South Club (Pres.); Calcutta Racket Club (Pres.) Bengal Club, Calcutta Club Ltd, Calcutta Cricket Club; Saturday Club Ltd.

21st July, 1961.

Mr. P. C. GEORGE



Mr. P. C. George, the Chief Engineer of Indalucos hails from the State of Kerala, where he had his early education. He later, took his Science degree at the Madras University with the full intention of becoming a doctor, but fate held it otherwise. He was not able to secure a seat in the medical college after his degree, therefore, he left for Banaras to do a course in Glass Technology. There again, he was disappointed as the commencement of the course was deferred. However, he was offered a seat in the Engineering College, which he reluctantly entered, only to have a distinguished academic career.

After obtaining his engineering degree he joined the Government Gun and Carriage Factory, but being a peace loving man, he refused a permanent post there and was lured away to his home State where " Indaluco " was constructing its factory, Aluminium works, at Alupuram. After the construction was over, he was posted at various places in the engineering department of Indalucos. In 1956, he was transferrd to the Head office at Calcutta as the Chief Engineer where Indalucos expansion projects were entrusted to him. He has thus had 19 exciting adventurous and active years so far. He is a keen sportsman, and has been on many shekaries and is also a keen Bridge player.

LEGAL SPOTLIGHT

LABOUR

Can a decree-holder attach the provident fund of the employee in the hands of the employer?

NAME AND FACTS OF THE CASE:

Mettur Industries, Ltd., Mettur Dam, by its Manager.

vs.

Velayudha Mudaliar and another — 1961 (2) F. L. R.

The 1st Respondent — decree holder attached the provident Fund of the 2nd respondent-judgment debtor in the hands of the appellant who was the employer. At the time of attachment, the 2nd respondent was not in the service of the appellant. The appellant deposited the amount into court under protest. The appellant challenged the validity of this attachment.

APPELLANTS' CONTENTION:

Section 60 (k) of the Civil Procedure Code provides immunity from attachment of the provident fund amount. There is also prohibition against attachment of provident fund amount standing to the credit of an employee in the Employee's Provident Fund Act, 1952. Therefore, it is argued that the order of attachment of the provident fund amount was illegal.

RESPONDENTS' CONTENTION:

The 1st Respondent argued that the attachment was made only after the resignation of the 2nd respondent from the service of the appellant and that the amount became payable to the 2nd respondent on his resignation, that thereafter it ceased to be provident fund amount and therefore the prohibition contemplated in Civil Procedure Code and Employees' Provident Funds Act does not apply.

COURTS' DECISION:

The court held that so long as the amount of provident fund does not cease to have the character of provident fund either by payment of the same to the employee or by removing it from his credit in his provident fund ledger, the immunity against attachment continues. Hence the attachment was illegal.

Will drunkenness, rioting or disorderly behaviour entail dismissal of the employee concerned?

NAME AND FACTS OF THE CASE:

Central India Coalfields, Ltd.

vs.

Ram Bilas Shobnath. 1961 (2) F. L. R.

The Respondent was an employee of the appellant. He was residing in the staff quarters built by appellant on its land. A complaint was received that the respondent was guilty of rowdy and indecent behaviour at night on 5—6—57. The complaint was enquired into and his drunkenness and indecent behaviour were proved. Because this was not the first time, the management passed an order of dismissal of the employee and sought the approval of the Tribunal. The Tribunal refused to approve the dismissal order on the ground that the standing order 29 (5) did not apply as the incident took place outside the working hours. This refusal was challenged in this appeal.

APPELLANTS' CONTENTION:

The appellant contends that the Tribunal erred in law in refusing to accord its approval to the respondent's dismissal.

RESPONDENTS' CONTENTION:

(i) The inquiry held against the Respondent was improper in that a formal charge-sheet was not served to him.

(ii) The dismissal is intended to victimize him because he is an active trade union worker.

(iii) The punishment is unduly harsh.

COURTS DECISION:

The standing orders would apply to the behaviour on the premises and during working hours. But, even though the incident took place in the quarters at a short distance from the work shop as in the present case, the action of the employer in dismissing the workmen is perfectly valid and the Tribunal ought to have given its approval.

LABOUR

Can the Industrial Tribunal interfere with the order of dismissal of an employee by the Management for dereliction of duty ?

NAME OF THE CASE :

Titaghur Paper Mills Co.

vs.

Ram Naresh Kumar. (1961 (2) F. L. R.)

FACTS OF THE CASE :

The respondent was in the employ of the appellant. He was also the Vice-president of the union at the relevant time. His duty was to note the attendance and send the necessary attendance reports daily to the labour office of the appellant. He failed to send this report from 6th September to 28th September, 1953. A charge was framed against him and was found guilty and consequently he was dismissed under the standing orders of the management. The Tribunal ordered re-instatement of the respondent even though the Tribunal was satisfied that there was dereliction of duty on the part of the respondent. This order was challenged.

APPELLANTS' CONTENTION :

The appellant argued that The Tribunal can interfere only when (i) There is want of good faith ; (ii) there is victimization or unfair labour practice (iii) The management has been guilty of a principle of natural justice or (iv) on the materials the finding is completely baseless or perverse. The present case is caused by none of these grounds.

RESPONDENTS' CONTENTION :

There was victimisation by the management in view of the fact that the respondent was the vice-president of the union at the time when there was proceedings before the Tribunal between the Management and the Union.

COURT'S DECISION :

Where dereliction of duty of employee was clearly established and the explanation of the employee was found to be unsatisfactory, and when the management was well within its rights in meting out the punishment of dismissal the Tribunal has no power to interfere on the supposed ground of victimisation.

CONTRACT

Is a shipowner liable to the purchaser for the wrongful issue of a clean Bill of Lading ?

NAME OF THE CASE AND FACTS :

The Ellerman & Bucknall Steamship Co. Ltd., through the Agents M/s Best & Co. Ltd., Madras.

vs.

Sha Bhagajee Sonmull & others 1961, II M. L. J. 97.

FACTS OF THE CASE :

The first respondent entered into several contracts with the British Mercantile Co., New York for the purpose of injection moulding powder in granules packed in new fibre drums. The seller tendered to the shipping company certain consignments alleged to contain Polystyene powder, the goods were packed in reused drums. The mates receipt described the packages as re-used drums. The seller evidently had apprehension that such a description if entered in the Bill of Lading would not facilitate the obtaining of monies under the Letter of Credit and requested the ship owner to issue clean Bill of Lading by mentioning the packages as drums and not as re-used drums. The ship owners acceded to the request but after obtaining from the shipper letters of indemnity. The shipper had no difficulty in negotiating such Bill of Lading and to draw the monies under the Letters of Credit. In due course the goods arrived and when the first consignment was opened, it was found that it did not contain anything like Polystyene powder, but coal dust and factory shavings. The later payments to the Bank were made by the buyer under protest. The contents in the other consignments were in no way different. The buyers therefore commenced actions in the American courts and realised small sums of money. The buyers then instituted the two suits against the Bank and the ship owners.

BUYER'S CONTENTION :

The ship owners did not correctly describe the goods in the Bills of Lading, but instead described them as "drums" with a view to facilitate the buyer to operate on the letters of credit. If the correct description had been given, the Bank would not have paid the drafts drawn by the buyer.

SHIP OWNER'S CONTENTION

The ship owner denied that it ever failed to disclose the true facts to anyone to whom they owed a duty to make such disclosure that the containers of the goods were sufficiently and rightly described as drums and as the materials sent by the consignor had been duly delivered, as received on board the ship, it had no further responsibiliy in the matter.

BENCH DECISION

The liability of the ship owners is vested on the basis that he issued a clean bill of lading when the circumstances existing to his knowledge bound him to issue only an unclean one, that again rests on the assumption that if the Bill of Lading had described the consignment as being in "re-used drums" it would be an unclean bill of lading --a clear bill of lading is one which does not qualify the condition of the goods, the packing or the liability of the shipowners.

In view of the fact that the Bill of lading is a document of title to goods which would pass by negotiation, the representation or misrepresentation therein should be held to have been made to every individual who comes by it as a holder thereof.

There is thus a breach of duty on the part of the ship owners in not disclosing the correct facts which would affect the negotiability of the Bill of Lading and an actionable false representation as to the condition of the packing of the goods received by him and therefore the buyer would be entitled to the decree against the ship owner.

COMPANY LAW

Can one hold the office of the Governing Director of Company and also be a servant of the company

NAME OF THE CASE:

Catherine Lee.

vs.

Lee's Air Farming Ltd. 1961
(31 Company CasesPage 233.)

FACTS OF THE CASE:

The husband of the appellant had formed the respondent company for the purpose of carrying on the business of aerial top dressing. By the Articles, he was appointed the Governing Director and was also employed as its chief pilot. While piloting, in the course of his work, the air craft crashed and he was killed. The widow of the deceased claimed compensation on the ground that her husband was a 'worker' within the meaning of the Workers' Compensation Act 1922.

CLAIMANT'S CONTENTION

At the time of his death, her husband was a worker within the meaning of the Workers' Compensation Act. It was provided by Sec. (1) as follows:

"If in any employment to which the Act applies personal injury by accident arising out of and in the course of the employment is caused to a worker, his employer shall he liable to pay compensation in accordance with the provisions of the Act. Worker was defined to mean " any person who has entered into or works under a contract of service or apprenticeship with an employee whether by way of manual labour, clerical work or otherwise and whether remunerated by wages, salary or otherwise".

COMPANY'S CONTENTION:

The deceased was not a worker in so far he was at the time of the accident the controlling shareholder and giving directions to the company. The court of Appeal of New Zealand held from the facts of the case that the deceased could not hold the office of Governing director of the company and also be a servant of the company.

PRIVY COUNCIL'S DECISION:

It cannot be suggested that when the deceased was engaged for carrying out the operation of top dressing farm lands from the air, he was discharging his duties as governing director. It is said in that case the difficulty is that the deceased could not both be under duty of giving orders and also be under the duty of obeying them. But in fact it could be the company and not the deceased who would be giving the orders. There appears to be no greater difficulty in holding that a man acting in one capacity can make a contract with himself in another capacity. There might have come a time when the deceased would remain bound contractually to serve the company as Chief Pilot though he had retired from office of sole governing director. Their Lordships therefore held that the deceased was a worker and the appellant was entitled to receive compensation under the Workmen's Compensation Act.

INCOME TAX

How is the income-tax deduction calculated for arriving at the available surplus for the purpose of bonus?

NAME OF THE CASE AND FACTS:

Madura Mills Co. Ltd.,

vs.

Their workers and Others. (1961 (2) F.L.R.)

The respondents claimed bonus against the appellant for the year 1957 - The industrial Tribunal applying the Full Bench Formula came to the conclusion that for the relevant year there was a substantial available surplus and so it awarded two months' bonus to the respondents.

APPELANTS' CONTENTION:

The appellants' argument is that for the purpose of determining the amount which must be allowed to the employee by way of income-tax, the tribunal was in error in taking into account the income-tax to which the appellant would be actually assessed.

RESPONDENTS' COTENTION:

It is contended that the Tribunal has to consider not the notional amount but the actual amount to which the employer may be assessed for the relevant year.

COURT'S DECISION:

For arriving at the available surplus for the purpose of bonus, the calculation of income-tax deduction has to be notional on the basis of the Full Bench Formula, not on the basis of income-tax to which the employer would actually be assessed under the Income-tax Act.

EXECUTIVES BOOK SHELF

THE GREAT ORGANISERS : by ERNEST DALE

(Published by : Mc Graw Hill Book Company, Inc. New - York 1960, p. 277)

Organisation science has grown from its small beginnings and has won the mantle of recognition. Dogmas have been built up and they have been followed in most of the cases with religious ferver. In many instances, it has been taken for granted that there should be an organisation chart, an organisation man and an organisation theory. The theories formulated by the prophets are, like Caeser's wife to be considered beyond suspicion and questioning. Crusades will have to be fought before any organisation theory is revised, replaced or refined. The basic problem is the formulation of a fundamental concept out of the structure and super-structure erected by Fayol, Urwick, Alvin Brown, Graicunas and o thers.

The giant companies of America have mostly grown around the stature of genius personalities. The companies have often faced the problem of building a systematic organisation to replace the genius personalities. This has been necessary to prevent disaster from overtaking the companies the moment they face the irrepairable vacuum created by the exit of a great personality. The pioneers who established enterprises such as Du Pont, General Motors & Westing house have themselves faced the problem of building an organisation which should ensure perpetual succession and help the development of new workable ideas. The improvements have actually been derived by a process of comparative methods.

Henri Fayol is the pioneer in management field who has developed and formulated the management principles. Specialisation, authority, responsibility and unity of direction are the matters originally conceived by him.

The basic ideas such as the span of control and equation of authority with responsibility are matters which are yielding different results in individual applications ; the span of control theory may be floored by the capacity of certain individuals to manage more numbers. There are no means of measuring the authority against responsibility. The value of comparative method has also been slow to assert itself and may actually be failing whenever the comparison is not extended to the practical field of application. But all these structural elements of generalisation in management science have been built up on the experience of the great pioneers.

In the Du Pont or ganisation, the beginnings of systematic management arose out of the needs to find management succession. The trial and error method and the conventional authoritarianism were soon replaced in the organisation by a high degree of participation in decision making. New techniques such as the provision of services for the contractors, the emphasis on safety measures and the stress on the human factor in the organisation have been the aspects that were accepted as the beginnings of systematic organisation. The labour efficiency division and the employee bonus system have been certain measures that can serve as model.

In the case of the General Motors, the organisation was built up by Alfred Sloan, a successor of the founding genius. Sloan was an entirely different man from the founder, Durant, who invented the idea of General Motors. The one-man method of decision-making and control over executive action by an individual,

as practised by Durant was to be replaced by an organisation that recognised the limitations of the capacity for management by an individual, the problem of co-ordination, communication and the excessive danger of mistakes creeping in. In the Durant's Caesar type of management, the major short-comings related to the failure to understand the utility of accounting for improving performance, the lack of inventory control and the absence of expert advice on technical problems. Even during periods of depression, the automobile business under the Durant's direction has actually expanded rapidly. The haphazard methods of operation by Durant led to a point when the entire business was heading to a failure. This was the turning point when the need for an organization and control which would not leave the enterprise at the mercy of the vagaries of one man or even a national holocaust was felt. It is with the organisational genius of Sloan in association with some experienced men like Durant that it was possible to revive and build the structure of General Motors. Sloan has been the great empiricist who rose to the challenges of the situation to build a model organisation.

The National Steel Corporation is a unique enterprise that had in its founder a very good organiser. The entire steel project has gone according to the plans conceived by Ernest Tener Weir. The nucleus of organisation which he created could grow as a huge company without major reconstruction. The picture of production, profits and progress recorded a graphically remarkable steadiness. The close control of costs yielded results in that the costs were strictly in line with sales. The planning genius of Weir who has been opposed to unionisation more than any other industrialist has been the foremost to grant increases in the wages of steel workers and has also been the one to argue for the increases in the wages in all steel companies. Weir had a unique approach to the problems of scarcity of water supply and had also a different pricing and discount policy, stressing personal attention to the customers and thereby pushing up the sales of his company. The ingredients of success of National Steel Corporation were traceable to the maximum freedom of operation provided for all levels of managers and foremen.

The Westinghouse presents a highly centralised organisation more than any other company. The organiser Robertson who has been responsible for the growth of the Westinghouse has not had anything strongly personal and regarding to stimulate his actions towards organisation building. The Westinghouse product-range was more complex than that of General Motors and Du Pont and the magnitude of the problems together with lack of experience led the enterprise to face the gigantic task of evolving and carrying out workable plan of reorganisation and decentralisation. The organisers rose to the occasion by bringing about a reorganisation that set up a line of orders and information, systematic decisionmaking and the clarification of responsibility and authority. The executive morale was improveand the objective was made clearer and better co-ordination between functions was also established.

The era of owner-management has been followed by the separation of the managerial faculties from that of the ownership capital. The present order of things is that the management is a specialised technique which requires background and training. The potential and actual conflict of interest between the owners and the managers has been successively diluted by various unifying forces and identities of interest. This is the exact reason why in increasing number of companies the accountability of the management to the owners has been well established and the administrative expenditure in most of the companies is found to be mounting. The management in industry is also facing the problem of social responsibility and the changing pattern of ownership in the form of increasing number of small stock holders. All these aspects emphasise the need for management research to keep trace into possible developments in organisation.

In this book THE GREAT ORGANISERS, we find a document of valuable experience. We have the story of Du Pont, the triumphant success

(Contd. on Page forty)

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QUESTIONS & ANSWERS

In response to the numerous requests we have received from several readers, we are introducing a new column in our journal to provide answers to questions of common interest on subjects dealt with in this journal.

It is hoped that the new column will be of general benefit to our readers.

(EDITOR)

QUESTION:

I would like you to kindly answer whether Section 198 of the Companies Act will be attracted if a person is appointed as Sales Manager, Production Manager, Administrative Manager or General Manager. I am of the opinion that the Company Law only deals with a person by whatever name called, acting on behalf of the Board with all authorities vested on him, would only attract the provisions relating thereto. I also feel that the words 'Sales', Production', 'Administration' and 'General' go as a qualifying adjective and not form part of general designation. Please elucidate through your columns.

I may also enquire whether if Section 198 is attracted, the other Sections like 192, 267 and 302 also to be observed.

(*a company executive*)

ANSWER:

No Sales Manager or production manager or administrative manager will come under the category of 'managerial personnel' within the meaning of the Companies Act. The definitions accorded in Sec. 2 to the expressions "Manager" "Managing director", "Managing agent" an "secretaries and treasurers" make it clear tha only one who has substantial powers of managemen can be classified as 'managerial persons'. Th recent introduction of Sec. 197 (A) further affirms that only those who have the totality of the powers solely and directly responsible to the Board and to whom the other executives are responsible alone is a managerial personnel for the purposes of the Companies Act. Therefore the Sales Manager or Production Manager or Administrative Manager are not 'managerial personnel' but only heads of departments, responsible to the General Manager, who will be accountable to the Boar If all such heads of Departments are directly responsible to the Board, it only means that the company in that case has no managerial personnel and that the company is directly managed by the Board itself. If one is not a managing director or deemed to one neither sections 192, 267 nor 302 will be attracted. For the powers and functions that go to make one a managerial personnel, attention is drawn to the Businessmen's Lawyer's contribution in the current issue.

(*Contd. from Page 39*)

of the one man control organisation and its transition into an organisation with collective control. We have also the cases of the growth of a variety of enterprises such as the Westinghouse, General Motors, and the National Steel Corporations. The story of growth of these enterprises makes a fascinating reading through the various periods of successes alternated by failures. The experiences detailed in this volume will be of good value to those who are engaged in the task of building new organisation. In bringing out this work, Ernest Dale has no doubt contributed a valuable addition to the literature in the field of management development.

Review by:
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