

“Happy New Year To All”

18TH FACULTY ENTREPRENEURSHIP DEVELOPMENT PROGRAMME

National Foundation of Indian Engineers (NAFEN) organized its 18th two weeks' Faculty Development Programme for Entrepreneurship under the aegis of The National Science & Technology Entrepreneurship Development Board (NSTEDB), Department of Science & Technology, Ministry of Science & Technology, Govt. of India from 26th December, 2017 to 8th January, 2018 at Tecnia Institute of Advanced Studies (TIAS) New Delhi. The Program was inaugurated on 26th Dec.2017 by Dr. Anita Gupta, Scientist-G / Advisor and Associate Head – NSTEDB, GoI. Valedictory function was graced by Dr. Ram Kailash Gupta, Chairman, Tecnia Group of Institutions, Dr. Ajay Rathore, Director, TIAS, Dr. A K Srivastava, Chief Executive (A&D) TIAS and Prof. (Dr.) P K Gupta, Program Director and Secretary General, NAFEN, awarded the merit certificates to all the participants.

Photographs of the Inaugural Programme



Photographs of Valedictory Programme



"ISSUES ON MACRO ECONOMIC MANAGEMENT IN INDIA"

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ISSUES ON MACRO ECONOMIC MANAGEMENT IN INDIA

In view of typical Indian complexities, India has to tread carefully selecting appropriate economics models, which will direct our economy with central theme to satisfactorily progress in generation of employment, improvement in quality of life, social security and peace, growth of agriculture and foreign trade and at least 8 % GDP growth rate in real terms over next 10 years. A difficult task indeed, but not impossible.

HUMAN CAPITAL - A CASE AGAINST DOWN SIZING

There has been lot of talks and debate on downsizing, following liberalisation process in the country since 1991. However, on careful consideration of various facts and figures, it appears to the author that down sizing followed as a fad, blindly, is against the national interests and priorities and nor does it make any economic sense. Let us analyze the Arguments and Counter Arguments in favour of this policy. It is erroneous to think that the populations of the country or the people are liability. Each human being has capacity to create, and strong nations can emerge only by productive use of their human resource capital.

1. Example of South East Asian Tigers

It is no secret that initial success of the South East Asian Countries was on account of their manpower and its skilful utilization. Why China is both a threat and opportunity to most advanced nations, and also India? On account of its sheer size. It also offers big markets, the fact even US have long back realized.

2. Human Capital, the best Capital

The failure to utilize the employee's potential of creativity is actually the failure of management. While all the time we talk of Human Resource Management and Human Resource Development, we actually consider the labor as liability. This trend must change. In any case the realities cannot be wished away and we have to turn our manpower into an asset and an opportunity rather than

consider them as liability, all the time. The attitude in outlook makes vast difference in national planning.

3. Internal competition

It is always advisable to have some excess labor and supervisory staff to promote internal competition and creativity in the economy. It is not only true for markets but within the organizations too.

4. Internal Innovations

A culture has to be developed in the organization to promote internal innovation and this can happen only when certain time and human effort is spared for paying attention to developmental activities.

5. National Objectives

India has to create 10 millions jobs per year over the next decade. All Business and governments have to discharge their social responsibility. What should be our approach is to create jobs and how to effectively utilize our work force rather than talk of down sizing. The readers may go to the website of American Management Association, and see how many publications have been released cautioning against reckless downsizing.

How can we meet employment generation task?

40% should arise from organized Private sector; or 4 million jobs per year.

10% from the Government/State sector. - or 1 million jobs / year, against which Union Budget actually talked of reducing every year 2% employee strength. 50% from agriculture, rural and small industry sector - or 5 million jobs per year.

With agriculture work force actually reducing drastically over last three years, it appears to be an elusive task. While labour employment generation growth rate is mere 0.8%, the work force is increasing @2.5% per annum.

The situation is alarming, with more than 70 million people expected to come in job market over next Decade. Couple this with disguised unemployment/under employment, and the situation is frightening.

6. An Excuse to escape outdated labour laws

This situation has emerged mainly due to two reasons. One, in 70s and 80s, the flagrant misuse of Trade Union movement, at behest of political lobbies, and outdated labour laws that undermine the freedom of employer to hire and retain productive labour. Government should, therefore, immediately legislate comprehensive Labour Bill and scrap plethora of labour laws. However, control on minimum wages and introduction of insurance schemes are a must to ensure against exploitation of labour.

7. Young Turks Approach

Young Turks approach is eyewash to exploit youth. Seniority, experience and maturity can't be substituted at planning & control levels in organizations. Blindly following capitalist approach of American model shall be counter-productive. Refer AMA Book (Title-Stop This Mindless Change-year 2001). Besides, it entails sheer wastage of experienced persons. Without introducing Exit package scheme & social security, it amounts to social crime, too. When the average age has gone up to above 65 yrs, to treat a person of 45 or 50 yrs as old & unproductive is sheer madness, as this is the prime age for higher productivity and wealth creation.

8. Cost Reduction A Myth

No real wage cost reduction is possible, since the wages eventually go up. By reducing work force, the wage rate has gone up and will further escalate. Though it is too early to estimate, author believes that the Organizations in long run will not improve labour productivity as claimed and their real labour cost saving would not exceed more than 20% of existing. How much it can help in competitiveness of any business house will depend labor component in the product and on the operating margins in particular industry (Hamel & Prahalad, C.K. give interesting facts in book "Competing for future; Tata Mcgraw Hill, 2002)

9. Effect on Mass Markets

A reduction in even 10% employment in India's workforce (estimated 400 million by the year 2002) may result in loss of 40 million jobs, which indirectly means that, at an average per capita income of Rs 10,000 p.a., a loss of Rs. 400,000 Millions in Purchasing power in market, thus directly affecting sale of F.M.C.G and white goods, with spiraling downward effect in economy. So, where is the scope for down sizing and retrenchments?

10. Service Sector - Our Savior, Is it?

There is no scope for growth of services sector beyond a limit and the growth rate (10-12% maximum) is not likely to go beyond these figures. Those too in certain sectors like IT. Moreover, we should view the services sector as a drain on economy, being expenditure industry and not a source of primary wealth generation. It suits saturated economies like that of US, Canada and Japan. Americans are downsizing merely to relocate business and employment in the low labour cost countries, like China, India, and others. Many Indian Companies are similarly relocating to China and other smaller countries.

ARE Product Quality and Advertising Effective Marketing Tools?

The answer is big NO. With six-sigma level of quality controls coming fast and almost undistinguished competitive product feature differences, quality is no more an edge in market expansion or consumer preference.

Similarly, advertising effectiveness is highly disputable subject. Recent surveys have shown startling results of cross channel surfing habits by the viewers, thus raising doubts that customers even notice the advertisements. Recent controversy about fairness in TRS ratings makes it even more doubtful.

Increasing cost of advertising going as high as 15% of Sales price is a burden on economy and the scarce resources. It also reduces purchasing power of buyers for the goods and services. At least where the demand is price elastic. And should we really advertise products that are not economically or socially relevant. Like basic necessities, cigarettes, liquors and host of others such items like salt and wheat flour.

Non-traditional sources have to be explored like direct mailing and personal selling, DMS requires, organized data acquisition, database management, data mining and other related activities including intensive use of IT enabled services and internet in future.

Implications of Redefined Integrated Product Design Concept

One of the interesting features of technological development and advances in liberalized mass economies is the drastic reduction in product life cycles. This is coupled with product obsolescence, changing consumer preference and increased

consumer awareness. However, India has to adopt an Appropriate Technology concept.

It can be clearly seen that the Indian economy still has to go a long way in satisfying core function demand of mass consumer base. The customized mass manufacture system can meet the core function. India should restrict itself from messing around with fancy stuff. And use its scarce resources first to build mass consumer products base, with a limited add-on features.

It can also be easily seen that tertiary design features are ideally suited for export marketing to developed economies. Our Mass markets are not in position to consume such goods with advanced features (Refer recession in FMCG and White Goods, recently).

With increased pressure on margins and intense competition with little quality differentiation possible, the organizations will have to make intensive use of **Supply Chain Management and Customer Relation Management (CRM)** through use of IT enabled technology to push down costs & improve service.

India must, concentrate on those products and services that are based either on manual operations with larger labour component or those products that have heavy dependence on intellectual/traditional skill, like in software development, biotechnology and Handicrafts. India thus can also focus on world class facilities in Education, Health care and Tourism. However, in long run, the intellectual advantage of India can only be capitalized, If the Country embarks on High Quality R&D, aiming at Applied Research and Technology.

Mass Manufacturing Versus Flexible Manufacturing System

What author calls "Customized mass manufacturing system" Should be the approach in production of goods. Per capita consumption of goods in India is still very low for most of the products. What we need is core function based standardized goods produced on mass scale to reduce the cost and make these affordable for the masses for tapping Vast Rural Markets. This is the only way to optimize resources utilisation and meet with the import competition threat.

FMS is more suitable for small lot productions of wide variety of goods with advanced features, which Indian markets are still not mature to receive. India should focus on Core component of production on mass economy principles with limited modular value add-on features. We should levy higher import duties on such high-end variety of goods, to mobilize resources.

Changing Role of Small Business Enterprises in India (S.M.Es)

The small enterprises have important role to play in services industry. Their role in India's domestic market and exports is likely to drop significantly, as far as manufactured goods are concerned.

Their role is slated to change from primary producers of goods to services and Outsourcing centers for organized and government sector. Examples are Call Centres, Medical Transcription Units, Ancillary and Sub Component suppliers.

Role of Small Businesses has to be redefined by selecting around 200 odd products and promoting Industrial Clusters. Provide low cost (at international rates) and adequate finance and marketing support.

Plethora of central and state organizations should dismantled with only two apex organizations. For example:

National Board for Small Industries Development.
National Board for Marketing of Small Business Products.

Common Brand Marketing and enlisting support of private sector
Marketing chains can go a long way to ensure viability and growth of SBEs.
No industry today seeks subsidies. What they need is Cost effective operations and logistics support from National and State Governments.

While it is beyond capacity of small sector to generate adequate employment, It is also fallacy to assume that organized sector, can generate the same in India or they are willing to do so. In fact both GOI & Organized sector are Shedding jobs recklessly.

Case for Wiser Capital Investments

India's GDP growth rate is staggering at roughly 6% whereas, India badly requires to jack it up to around double digit at least for next decade. Equitable distribution of income is also serious challenge to ensure trickle down effect.

By conservative estimates, for a growth of 1% in the GDP, India needs to invest Rs 5,000 crore annually including infrastructure sector, which appears reasonable. Then what has gone wrong? Obviously there is low productivity of assets in India. Similarly, Overall capacity utilization of Net productive assets in

India has to increase by 2.5% for every 1% GDP growth rate desired. Our Planners should think of ways and means to increase efficiency of assets and concentrate on heavy investment on infrastructure sector, which shall also create employment. India has notorious track record for high ICOR ratio particularly in basic sectors. This trend must reverse.

High professionalism in management of Projects, cutting down delays and transparency in decision-making without delays is vital for economic survival of the Country in coming decade. Bureaucracy has to be kept at bay.

This can happen only with massive modernization, technological inputs and reform of Labour laws. Immediate and Comprehensive changes in Judicial Administration is required that has reached a stage of rot, with virtual anarchy in courts.

It will always be cheaper for India to have International Technology Exchange under a National policy to meet Growth objectives, rather than waste time and resources on unproductive and useless research including Universities and some Laboratories, in the country. However, certain areas like biotechnology, medicine, space and nuclear sciences have great scope for research. It should be extended to private sector with well-defined, Applied Research targets, with matching amount from entrepreneurs themselves.

Agriculture and its Dilema

Agriculture backbone of Indian Economy is, in severe crisis, with under 2% growth rate, spent underground water tables due to reckless use of tube-well systems, lack of power supply, good quality seeds and pesticides and threat of agro-imports. Rural population is slipping into state of destitution after liberalization process. Thanks to good monsoons for long that we are saved. The ICOR in certain agriculture produce is very high (8 to 15). India has to redesign the optimum product mix of agricultural produce, concentrate on high value items, import staple grains, provide actual thrust to export oriented processing centers, provide effective cold chain and management and rural credit at low costs, if we have to save ourselves from impending economic crisis. On top of all we have to put a total freeze on conversion of agricultural land to commercial use.

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“HR Management and Staff Development” **By Prof R K Gupta** **BE (Hons), MBA, FIE** **Aravali Institute of Management** **Jodhpur (Rajasthan).**

HR Management and Staff Development

Human resource is one of the most important and emerging asset of world class organizations. Its importance has increased as more and more organizations are coming up in knowledge industries where, recruitment, training, retention and productivity of knowledge workers have become grueling tasks to manage. Behind each saga of HR success are hidden, several failures in areas like VRS schemes, Mergers, Acquisitions and New Venture staffing. The author has seen several failures in Industry on HR issues alone

Major Changes that are Taking Place in the Trends for HR and Its Goals

- ❖ Shifting Focus from HRM to HPM (Human Potential Management) - Identifies the emotional component and potential of human beings rather than treating it just as any cold resource.
- ❖ It is a Change Agent and not merely personnel Administration
- ❖ Traditional Role of HRM of managing Employee data, Salaries, grievance handling and recruitment has changed drastically with little work left in this area.

- ❖ Increasing awareness that HRD is not merely job of Personnel Department but it is primarily responsibility of the Supervisor.
- ❖ Most Important role is perhaps to improve vertical and horizontal communication and inspired conversation among employees which could go a long way in improving productivity.
- ❖ Involving employees in organizational activities and goal setting, including mission and vision writing.
- ❖ Most Mergers and Acquisitions world wide have failed due to HRM failures than anything else
- ❖ HRM activities should focus on value addition activities.

Example: 1. Keeping view point of a line manager in negotiated settlement for soft approach and Avoiding of interpersonal conflicts.

2. Citibank has introduced SPEED-System to provide employee Empowerment and Development in which key HR processes have been Web-enabled.

- o Most of HR activities have been computerized or is being outsourced to reduce costs. The HR Policies once prepared do not change for years. So it is mostly the strategic HR Management that is left for HR department. They have to add value in areas like Competency building, Leadership development, Measuring performance in touchy-feely areas like customer satisfaction, and generally enable employees to develop personally and professionally in alignment with organizational goals.
- o If training is done to eliminate weaknesses and not to build on strengths, you can't get world class performances.
- Training one who lacks aptitude or talent is a waste of time. Scout for Talents in your employees & give them space to experiment.
- Top leadership in a company should partner with the HR department to create a people-oriented performance culture.

It is challenging task to induct, motivate and retain Knowledge workers and the HR activities have now changed to become Strategic Human Resource Management practice.

Exhibit 1:

A new and late starter in Telecom goes ahead and hires the best and talented managers from every functional area. After few months the executives realize that they were not accustomed to the entrepreneurial, get-on-with-it approach of the family-run company. And for the owners, the ability to get things done was more important than how they are done, a clear case of wrong expectations on both sides.

Same thing happened in designing VRS schemes in the banks when 1 Lac jobs were trimmed making several key jobs deficient of officials and meritorious employees leaving the banks. The computerization was slower than the restructuring putting immense strain on system and degrading customer service.

In contrast, in Satyam Computers, the employees are encouraged to run entrepreneurial cells within their domain like a mini CEO. They try out ideas and company funds like a Venture capitalist. Successful ideas are then scaled up, while originator makes bigger money. We call this Intra-preneurship.

Exhibit 2:

If BPO is where the money is, people should be queuing up to get in. They are. But there is high exodus as well ((25-40%). Reason- wrong persons are hired with college and English accent background only in mind but with no mental aptitude for such career.

THE Need for Staff Development:

Development May Occur for Several Reasons:

- ✓ As part of an individual's long-term career growth.
- ✓ To add or improve skills needed in the short term
- ✓ Being necessary to fill gap in the past performance
- ✓ To change or correct long-held attitudes of employee
- ✓ To move ahead or keep up with change
- ✓ Increased need for leveraging IT in Company operations
- ✓ Need to empower employees-particularly in services sector or increasing share of service components in products
- ✓ Fast changing technologies and automation
- ✓ Need to increase the sales turnover per employee thereby productivity

- ✓ To motivate employees and to promote employee loyalty
- ✓ Fast growing organizations. Human Resource cannot be acquired and updated in skills and attitudes to change on a short term basis.

Some Factors In Staff Development:

- The CEO or Organization Head has direct responsibility in institutionalizing Staff development activities
- The Line supervisor has increasing and direct role in developing his/her staff acting as a nodal centre.
- Empowerment of employee to assume responsibility by putting employee in decision making role is most effective way. Particularly important in service industry
- Let the employee decide and identify the training and development need
- Making a bench mark that if employees are not of interest to competitors they are not very useful to the organization too.
- Promoting transparency and communication in both Organizations by regular meetings, group tasks, and flow of information vertically and horizontally and involving employees in organizational goal setting as mentioned earlier.
- A large number of organizations have turned around solely by involving employees and developing sense of ownership and importance of their role in organization
- Encouraging Experimentation and innovation by Employees. Self appraisal by employee.
- Job Enlargement and giving an employee at-least two competencies in the organization
- Minimum amount of structured Training in class rooms or external specifically designed training programs
- Offering opportunities for team work and promoting internal competition
- By offering leadership roles to employees- example Group Leaders in workers
- By fostering employee loyalty in organization

Prerequisites for Good Assessment of Development Needs

WHEN A Job is designed and its specifications are drawn, it is important to use what is called SMART approach

- Specific
- Measurable
- Achievable
- Realistic
- Timed

A good Job Definition and Job description (Competency mapping) and then a fair, detailed and regular appraisal system that is more futuristic rather than post mortem would help identify development needs and ensure positive attitude of employee

MOTIVATION

The development process hinges around two things, the Ability & Willingness.

The latter, deals with motivation which in turn is affected by Net Attitude of employee and is direct responsibility of Line supervisor and the CEO.

Perhaps we can draw from Hertz berg's Theory of Dissatisfiers (hygiene factors) and Satisfiers (motivators) Some factors that can be identified can be linked to developmental needs:

The Satisfiers	The Dissatisfiers
Achievement	Company Policy & Procedures
Recognition	Supervision
The work itself	Working conditions
Responsibility	Salary & Rewards
Advancement	Peer relationships
Growth	Status Security (not only of job but Work clarity)

Potential Difficulties in Development & Training Activities

- Lack of time
- Inadequate resources at disposal
- Under-funded training budgets
- Conflicting priorities-Like production and sales pressure Vs Training programs
- Lack of Clarity about what should be done
- Failure to identify, or accept, the need.
- Shortfall in training skill or experience
- Fear that trained employee will leave the organization or will be poached by competitor. (But that is what is needed as bench mark)
- Cynical attitude to Staff development-Not directly measurable. Treated as Cost not investment

Any, or all, of the above (and more) can conspire to ensure that training and development don't occur. Or that they are done too little.

(Continued in Next Issue)

ARTICLES

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