

P-3625



**A STUDY ON THE LABOUR PRODUCTIVITY VS
INCENTIVE POLICIES AT MICRO FINE CLOTHING
PRIVATE LIMITED, MADURAI.**



A Project Report

Submitted

By

SINDHU.V

Reg. No. 1020400053

Under the guidance of

K.R AYYASAMY

Professor

In partial fulfillment of the requirements
for the award of the degree of

MASTER OF BUSINESS ADMINISTRATION

Department of Management Studies

Kumaraguru College of Technology

(An autonomous institution affiliated to Anna University, Coimbatore)

Coimbatore - 641 049

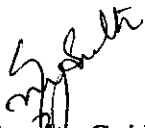
November, 2011

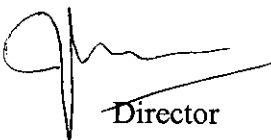
BONAFIDE CERTIFICATE



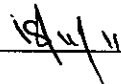
BONAFIDE CERTIFICATE

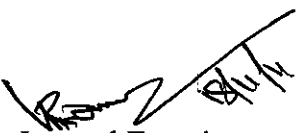
Certified that this project report titled “A study on the labour productivity Vs incentive policies” is the bonafide work of Ms.Sindhu.V, 10MBA53 who carried out the project under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

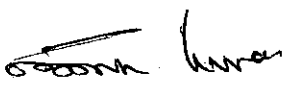

Faculty Guide
(K.R.Ayyasamy)
Professor
KCTBS


Director
Dr.Vijila Kennedy
KCTBS

Submitted for the Project Viva-Voce examination held on




Internal Examiner


External Examiner

ACKNOWLEDGEMENT

I express my sincere gratitude to our beloved chairman **Arutchelvar Dr. N.Mahalingam and Management** for the prime guiding spirit of Kumaraguru College of Technology.

I wish to express deep sense of obligation to **Mr.K.R.Ayyasamy**, Professor, guide and the project coordinator of KCT Business School, for his intensive guidance throughout my project

I am greatly indebted to thank **Dr. KirupaPriyadarsini.M**, Associate Professor / and all other faculty members of KCT Business School for their kind support.

I thank **Ms.ShubaPriyaPrabhakaran**, Micro Fine Clothing Private Limited, for her valuable support and guidance throughout my project.

CERTIFICATE

Micro Fine Clothing

Manufacturer of men's shirt

Office: 0452-3259494,6453923
Mobile: 9655209494
Fax: 91-452-2534999
E-mail: microfine.clothing@gmail.com

p. R.Prabhakaran

Id No: 33664882575

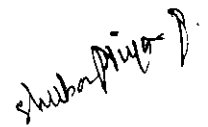
Date: 14/11/2011

CERTIFICATE

This is to certify that Ms.SINDHU.V, Roll No: 10MBA53 , a student of KCT Business School, Kumaraguru College of Technology, Coimbatore had undergone a Project entitled "A STUDY ON LABOUR PRODUCTIVITY VS INCENTIVE POLICES OF THE EMPLOYEES ". Between 4.7.2011 and 30.7.2011

During the tenure, her performance was Very Good.

Organization Guide
Name & Designation:
Shuba Priya Pradhakaran
(Head of Department HR)



Signature of the
Organizational Guide

4/832 ANNAI VELANGANNI STREET,VANDIYUR ROAD,
MADURAI-20

CONTENTS

TABLE OF CONTENTS

Chapter	TITLE	Pg.No
CHAPTER 1: INTRODUCTION		
1.1	Introduction to the study	1
1.2	Industry Analysis	9
1.3	Company Profile	10
1.4	Statement of the problem	11
1.5	Objectives of the study	12
1.6	Scope of the study	12
CHAPTER 2: REVIEW OF LITERATURE		
2	Review of literature	13
CHAPTER 3: RESEARCH METHODOLOGY		
3.1	Data collection	15
3.2	Tools used in this research	16
CHAPTER 4: ANALYSIS & INTERPRETATION		
CHAPTER 5: FINDINGS, SUGGESTIONS AND CONCLUSION		
5.1	Findings	33
5.2	Suggestions	35
5.3	Conclusion	36
References		
Appendix		

LIST OF TABLES

LIST OF TABLES

TABLE	TITLE	Pg. No
1	Table showing the age of the employees	18
2	Table showing the gender of the employees	19
3	Table showing marital status of the employees	20
4	Table showing the educational qualification of the employees	21
5	Table showing the monthly income of the employees	22
6	Table showing the work experience of the employees	23
7	Table showing the awareness about the incentive policies existing in the company by the employees	24
8	Table showing satisfactory level of employees over the incentive policies provided by the company	25
9	Table showing satisfactory level of leave facilities by the employees	26
10	Table showing whether right incentive is given for the right work one by the employees.	27
11	Table showing willingness of the employees to work for extended hours.	28
12	Table showing the incentive policies suggested by the employees	29
13	Table showing the types of incentives suggested by the employees	30
14	Table showing the satisfactory level of Straight piece incentive system	31
15	Table showing the number of times incentives received by the employees (per month)	32
16	Table showing whether employees can improve at work if the incentive system is changed.	33

LIST OF CHARTS

LIST OF FIGURES

Fig. No	TITLE	Pg.No
1	Figure showing the age of the employees	18
2	Figure showing the gender of the employees	19
3	Figure showing marital status of the employees	20
4	Figure showing the educational qualification of the employees	21
5	Figure showing the monthly income of the employees	22
6	Figure showing the work experience of the employees	23
7	Figure showing the awareness about the incentive policies existing in the company by the employees	24
8	Figure showing satisfactory level of employees over the incentive policies provided by the company	25
9	Figure showing satisfactory level of leave facilities by the employees	26
10	Figure showing whether right incentive is given for the right work one by the employees.	27
11	Figure showing willingness of the employees to work for extended hours.	28
12	Figure showing the incentive policies suggested by the employees	29
13	Figure showing the types of incentives suggested by the employees	30
14	Figure showing the satisfactory level of Straight piece incentive system	31
15	Figure showing the number of times incentives received by the employees (per month)	32
16	Figure showing whether employees can improve at work if the incentive system is changed.	33

EXECUTIVE SUMMARY

SYNOPSIS

Due to intense competition in the business environment, companies need to compete with their rivalries on all aspects. One such aspect is the productivity which could be improved continuously. So, to improve productivity, various methods are used. But, for ensuring the effectiveness of the work processes various motivations are needed to be given for the employees of the organization.

Incentive is an act or promise for greater action. It is also called as a stimulus to greater action. Incentives are something which is given in addition to wages. It means additional remuneration or benefit to an employee in recognition of achievement or better work. Incentives provide a spur or zeal in the employees for better performance. It is a natural thing that nobody acts without a purpose behind. Therefore, a hope for a reward is a powerful incentive to motivate employees. Besides monetary incentive, there are some other stimuli which can drive a person to better. This will include job satisfaction, job security, job promotion, and pride for accomplishment. Therefore, incentives really can sometimes work to accomplish the goals of a concern.

Productivity refers to the qualitative, rather than quantitative, dimensions of labour input. If you think that one firm/country is using labour much more intensely, you might not want to say this is due to greater labour productivity, since the output per labour-effort may be the same. This insight becomes particularly important when a large part of what is produced in an economy consists of services

This particular study throws light on the idea that labour productivity can be increased by increasing the motivation provided to the employees preferably incentive policies in order to improve the satisfactory level of the employees in the company and also to improve the organization itself and take it to higher levels.

INTRODUCTION

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION TO THE STUDY:

The textile and apparel industry is one of the leading segments of the Indian economy and the largest source of foreign exchange earnings for India. This industry accounts for 4 percent of the gross domestic product (GDP), 20 percent of industrial output, and slightly more than 30 percent of export earnings. The textile and apparel industry employs about 38 million people, making it the largest source of industrial employment in India.

India has the second-largest yarn-spinning capacity in the world (after China), accounting for roughly 20 percent of the world's spindle capacity. India's spinning segment is fairly modernized; approximately 35 to 40 percent of India's spindles are less than 10 years old. During 1989-98, India was the leading buyer of spinning machinery, accounting for 28 percent of world shipments. India's production of spun yarn is accounted for almost entirely by the "organized mill sector," which includes 285 large vertically-integrated "composite mills" and nearly 2,500 spinning mills-

India's share of global exports of textiles and apparel increased from 1.8 percent in 1980 to 3.3 percent in 1998. However, India's export growth was lower than that of most Asian countries during that period.

India has the largest number of looms in place to weave fabrics, accounting for 64 percent of the world's installed looms. However, 98 percent of the looms are accounted for by India's powerloom and handloom sectors, which use mostly outdated equipment and produce mostly low-value unfinished fabrics. Composite mills account for 2 percent of India's installed looms and 4 percent of India's fabric output.

The handloom and powerloom sectors were established with government support, mainly to provide rural employment. These sectors benefit from various tax exemptions and other favorable government policies, which ensure that fabrics produced in these sectors are price competitive against those of composite mills. The fabric processing (dyeing and finishing) sector, the weakest link in India's

textile supply chain, consists of a large number of small units located in and around the powerloom and handloom centers. The proliferation of small processing units is due to India's fiscal policies, which favor small independent hand- and power-processing units over composite mills with modern processing facilities.

The production of apparel in India was, until recently, reserved for the small-scale industry (SSI) sector, which was defined as a unit having an investment in plant and machinery equivalent to less than \$230,000. Apparel units with larger investments were allowed to operate only as export-oriented units (EOUs). As a result, India's apparel sector is highly fragmented and is characterized by low levels of technology use.

1.1.1 INCENTIVE

In economics and sociology, an incentive is any factor (financial or non-financial) that enables or motivates a particular course of action, or counts as a reason for preferring one choice to the alternatives. It is an expectation that encourages people to behave in a certain way. Since human beings are purposeful creatures, the study of incentive structures is central to the study of all economic activity (both in terms of individual decision-making and in terms of co-operation and competition within a larger institutional structure). Economic analysis, then, of the differences between societies (and between different organizations within a society) largely amounts to characterizing the differences in incentive structures faced by individuals involved in these collective efforts. Ultimately, incentives aim to provide value for money and contribute to organizational success.

Incentives can be classified according to the *different ways* in which they motivate agents to take a particular course of action. One common and useful taxonomy divides incentives into four broad classes:

1. **Remunerative incentives (or financial incentives)** are said to exist where an agent can expect some form of material reward — especially money — in exchange for acting in a particular way.

2. **Moral incentives** are said to exist where a particular choice is widely regarded as the *right thing to do*, or as particularly admirable, or where the failure to act in a certain way is condemned as indecent. A person acting on a moral incentive can expect a sense of self-esteem, and approval or even admiration from his community; a person acting against a moral incentive can expect a sense of guilt, and condemnation or even ostracism from the community.
3. **Coercive incentives** are said to exist where a person can expect that the failure to act in a particular way will result in *physical force* being used against them (or their loved ones) by others in the community — for example, by inflicting pain in punishment, or by imprisonment, or by confiscating or destroying their possessions.
4. **Natural Incentives** such as curiosity, imagination, mental or physical exercise, admiration, fear, anger, pain, joy, or the pursuit of truth, or the control over things in the world or people or oneself.

Types of Incentives

1. **Straight piece rate:** In the straight piece rate system, a worker is paid straight for the number of pieces he produces per day. In this plan, quality may suffer.
2. **Straight piece rate with a guaranteed base wage:** A worker is paid straight for output set by management even if worker produces less than the target level output. If worker exceeds this target output, he is given wage in direct proportion to the number of pieces produced by him at the straight piece rate.
3. **Halsey Plan:** $W = R.T + (P/100) (S-T).R$ where W: wage of worker, R : wage rate, T : actual time taken to complete job, P : percentage of profit shared with worker, S : std. time allowed. Output standards are based upon previous production records available. Here management also shares a percentage of bonus.
4. **Rowan Plan:** $W=R.T + ((S-T)/S).R.T$ Unlike Halsey Plan gives bonus on $(S-T)/S$, thus it can be employed even if the output standard is not very accurate.

The need of incentives can be many:-

1. To increase productivity,
2. To drive or arouse a stimulus work,
3. To enhance commitment in work performance,
4. To psychologically satisfy a person which leads to job satisfaction,
5. To shape the behavior or outlook of subordinate towards work,
6. To inculcate zeal and enthusiasm towards work,
7. To get the maximum of their capabilities so that they are exploited and utilized maximally.

Therefore, management has to offer the following two categories of incentives to motivate employees:-

1. Monetary incentives- Those incentives which satisfy the subordinates by providing them rewards in terms of rupees. Money has been recognized as a chief source of satisfying the needs of people. Money is also helpful to satisfy the social needs by possessing various material items. Therefore, money not only satisfies psychological needs but also the security and social needs. Therefore, in many factories, various wage plans and bonus schemes are introduced to motivate and stimulate the people to work.

2. Non-monetary incentives- Besides the monetary incentives, there are certain non-financial incentives which can satisfy the ego and self-actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of "Non-monetary incentives". Whenever a manager has to satisfy the psychological needs of the subordinates, he makes use of non-financial incentives. Non-financial incentives can be of the following types:-

a. **Security of service-** Job security is an incentive which provides great motivation to employees. If his job is secured, he will put maximum efforts to achieve the objectives of the enterprise. This also helps since he is very far off from mental tension and he can give his best to the enterprise.

b. **Praise or recognition-** The praise or recognition is another non- financial incentive which satisfies the ego needs of the employees. Sometimes praise becomes more effective than any other incentive. The employees will respond more to praise and try to give the best of their abilities to a concern.

c. **Suggestion scheme-** The organization should look forward to taking suggestions and inviting suggestion schemes from the subordinates. This inculcates a spirit of participation in the employees. This can be done by publishing various articles written by employees to improve the work environment which can be published in various magazines of the company. This also is helpful to motivate the employees to feel important and they can also be in search for innovative methods which can be applied for better work methods. This ultimately helps in growing a concern and adapting new methods of operations.

d. **Job enrichment-** Job enrichment is another non- monetary incentive in which the job of a worker can be enriched. This can be done by increasing his responsibilities, giving him an important designation, increasing the content and nature of the work. This way efficient worker can get challenging jobs in which they can prove their worth. This also helps in the greatest motivation of the efficient employees.

e. **Promotion opportunities-** Promotion is an effective tool to increase the spirit to work in a concern. If the employees are provided opportunities for the advancement and growth, they feel satisfied and contented and they become more committed to the organization.

The above non- financial tools can be framed effectively by giving due concentration to the role of employees. A combination of financial and non- financial incentives help together in bringing motivation and zeal to work in a concern.

Positive Incentives

Positive incentives are those incentives which provide a positive assurance for fulfilling the needs and wants. Positive incentives generally have an optimistic attitude behind and they are generally given to satisfy the psychological requirements of employees. For example- promotion, praise, recognition, perks and allowances, etc. It is positive by nature.

Negative Incentives

Negative incentives are those whose purpose is to correct the mistakes or defaults of employees. The purpose is to rectify mistakes in order to get effective results. Negative incentive is generally resorted to when positive incentive does not work and a psychological set back has to be given to employees. It is negative by nature. For example- demotion, transfer, fines, penalties.

PRODUCTIVITY

Workforce productivity is the amount of goods and services that a worker produces in a given amount of time. It is one of several types of productivity that economists measure. Workforce productivity can be measured for a firm, a process, an industry, or a country. It was originally (and often still is) called **labor productivity** because it was originally studied only with respect to the work of laborers as opposed to managers or professionals.

The OECD defines it as "the ratio of a volume measure of output to a volume measure of input. Volume measures of output are normally gross domestic product (GDP) or gross value added (GVA), expressed at constant prices i.e. adjusted for inflation. The three most commonly used measures of input are:

1. hours worked;
2. workforce jobs; and
3. number of people in employment.

Measured labour productivity will vary as a function of both other input factors and the efficiency with which the factors of production are used (total factor productivity). So two firms or countries may have equal total factor productivity (productive technologies) but because one has more capital to use, labor productivity will be higher.

Output per worker corresponds to the "average product of labour" and can be contrasted with the marginal product of labor, which refers to the *increase* in output that results from a corresponding (marginal) *increase* in labor input.

Worker productivity can be measured in physical terms or in price terms.

Whilst the output produced is generally measurable in the private sector, it may be difficult to measure in the public sector or in NGOs. The input may be more difficult to measure in an unbiased way as soon as we move away from the idea of homogeneous labour ("per worker" or "per standard labour hour"):

- the intensity of labour-effort, and the quality of labour effort generally.
- the creative activity involved in producing technical innovations.
- the relative efficiency gains resulting from different systems of management, organization, co-ordination or engineering.
- the productive effects of some forms of labour on other forms of labour.

Management may be very preoccupied with the productivity of employees, but the productivity gains of management itself might be very difficult to prove. Modern management literature emphasizes the important effect of the overall work culture or organizational culture that an enterprise has. But again the specific effects of any particular culture on productivity may be unprovable.

In macroeconomic terms, controlling for hours worked (i.e. expressing labour productivity as per worker-hour) should result in readily comparable productivity statistics, but this is often not done since the reliability of data on working hours is often poor. For example, the US and UK have much longer working hours than Continental Europe--this will inflate the figures on productivity in these countries if it is not accounted for. When comparing labour productivity statistics across countries, the problem of exchange rates must be considered because differences in how output is accounted for in different countries will change labour productivity statistics, quite apart from the obvious issues surrounding converting different currency units to a standard base.

Factors affecting labour productivity

In a survey of manufacturing growth and performance in Britain, it was found that:

“The factors affecting labour productivity or the performance of individual work roles are of broadly the same type as those that affect the performance of manufacturing firms as a whole. They include: (1) physical-organic, location, and technological factors; (2) cultural belief-value and individual attitudinal, motivational and behavioural factors; (3) international influences – e.g. levels of innovativeness and efficiency on the part of the owners and managers of inward investing foreign companies; (4) managerial-organizational and wider economic and political-legal environments; (5) levels of flexibility in internal labour markets and the organization of work activities – e.g. the presence or absence of traditional craft demarcation lines and barriers to occupational entry; and (6) individual rewards and payment systems, and the effectiveness of personnel managers and others in recruiting, training, communicating with, and performance-motivating employees on the basis of pay and other incentives. The emergence of computers has been noted as a significant factor in increasing labor productivity in the late 1990s, by some, and as an insignificant factor by others, such as R.J. Gordon. Although computers have existed for most of the 20th century, some economic researchers have noted a lag in productivity growth caused by computers that didn't come until the late 1990s

1.2 INDUSTRY PROFILE:

Micro Fine Clothing is a manufacturer of Men's shirt, located in Madurai, Tamilnadu - India. For all Seasons – summer, winter, autumn or fall, Micro Fine Clothing has its finger on the pulse of the fashion world.

The Main Objective of the company is to satisfy customers by developing Samples and executing the orders in terms of quality/delivery and competitive price. They produce all types of men wear.

A renowned entity in the world of fashion, Micro Fine Clothing is one of the leading manufacture of wide array of garments that includes designer t-shirts, printed t-shirts. Their complete collection displays a versatile range of clothes for men.

Being a professionally managed Company, they pay immaculate attention to every detail of production from the choice of the raw material to the finishing of the garments. Their years of experience and extensive industrial knowledge enables them to comprehend the needs and taste of their clients. They have aggressively invested on infrastructure and have installed latest finishing machines.

In the garmenting division lay cutting machines and band knives are used to cut the processed fabric. Garmenting division is structured in 2 production lines worth of delivering 20,000 garments per month. Latest sewing machines and other ancillary machines used in these production lines ensure that the garments get a perfect finish. Industrial stain removers and steam finishing equipments are used to provide finishing touch to the garments before packing.

Their strengths and specialization are in the following areas:

Young Men / Men's wear:

Their principle products are Fashion garments for Young Men in various washes, prints, textures, etc. Casual wear consisting of yarn dyed stripes, pique, jersey, interlock, drop needle and other textured fabrics.

Quality:

Their Quality Control Team maintains a strict vigil on all the stages of production and ensures that the garments meet the required quality norms.

Fabrics are tested in laboratory for shrinkage / colour fastness and fabric weight before commencement of production. Their Quality Controllers inspect the fabric before bulk cutting is done. Their Quality Controller team inspects the goods in every stage - inline inspection / mid inspection / final inspection

1.3 ORGANIZATION PROFILE

Name of the company	:	<i>Micro Fine Clothings</i>
Address	:	Annaivelankanni street, Vandiyur Road, Madurai-625020,Tamil Nadu, India.
Managing Director	:	R.Prabakaran.
E-mail Id	:	microfine.clothing@gmail.com
Tin number& CST no	:	3366488257
Concern Details	:	Sole ownership concern
Type of production	:	Men's shirt
Production capacity	:	Shirt – 300 pcs/Day
Activity	:	Manufacturing of Readymade Men Garments
Child labor	:	No
No. of workers	:	91

TIME KEEPING

Office timings

9.00am - 6:30pm

P-3675

1.4 STATEMENT OF THE PROBLEM:

Incentive is one of the important aspect to satisfy an employee in an organization. Each organization follows different strategy in giving the incentive policies to the employees thereby improving labor productivity and taking the organization growth to higher levels. Micro Fine Clothing Private Ltd is following an incentive system in order to improve labor productivity. Therefore a study on the labor productivity Vs incentive policies in Micro Fine Clothing Pvt Ltd is to be studied upon.

1.5 OBJECTIVES :

1.5.1 PRIMARY OBJECTIVE:

To study the existing incentive policies related to the productivity and to measure its effectiveness in Micro fine clothing limited.

1.5.2 SECONDARY OBJECTIVE:

- To study the various factors that influence the incentives earned by the workers.
- To study the satisfactory level of the workers for the incentives they receiving
- Comparing the gap between the employees' expectation and on the existing incentive policy.
- Suggestions to the management inorder to improve the relativeness between productivity and the incentive policies.

1.6 SCOPE OF THE STUDY:

- To improve the employee involvement towards work.
- To improve labour productivity through incentive policies.

REVIEW OF LITERATURE

CHAPTER 2

REVIEW OF LITERATURE

Review of literature is to analyze critically a segment of a published body of knowledge through summary, classification and comparison of prior research studies, review of literature and theoretical articles.

Patricia Milne¹ on her paper titled “Motivation, incentives and organisational Culture” says that reward and recognition programmes can positively affect motivation, Performance and interest within an organization. While a little more problematic, team-based incentives, if designed appropriately, can also encourage and support a range of positive outcomes.

Based on the paper “The effects of monetary incentives on effort and task performance: theories, evidence, and a framework for research”, theories and evidence regarding the effects of (performance-contingent) monetary incentives on individual effort and task performance were reviewed. Provide a framework for understanding these effects in numerous contexts of interest to accounting researchers and focus particularly on how salient features of accounting settings may affect the incentives-effort and effort-performance relations. Compilation and integration of theories and evidence across a wide variety of disciplines reveals significant implications for accounting research and practice. Based on the framework, theories, and prior evidence, they develop and discuss numerous directions for future research in accounting that could provide important insights into the efficacy of monetary reward systems.

Terborg, James R.; Miller², Howard E., *Journal of Applied Psychology*, Vol 63(1), Feb 1978, 29-39, Motivation, behavior, and performance: “A closer examination of goal setting and monetary incentives” .

¹PatricaMalineMotivation, incentives and organisational Culture” - *Journal of Knowledge Management*, 2007. Vol. 11 Iss: 6, pp.28 - 38

²Terborg, James R.; Miller, Howard E., *Journal of Applied Psychology*, Vol 63(1), Feb 1978, 29-39, Motivation, behavior, and performance: “A closer examination of goal setting and monetary incentives”

Some experimenters often test predictions from theories of motivation using performance outcomes as dependent variables. It is argued that observable behaviors that are likely to be affected by motivation manipulations should be used in combination with performance outcomes. Such procedures would be sensitive to differential effects of manipulations on various behaviors and would allow for investigation of relationships among behaviors and performance outcomes

“The Provision of Incentives in Firms” by CANICE PRENDERGAST says that INCENTIVES are the essence of economics. Despite many wide-ranging claims about their supposed importance, there has been little empirical assessment of incentive provision for workers. The purpose of this paper is to critically overview existing work on the provision of incentives. Since the interests of workers and their employers are not always aligned, a large theoretical literature has emphasized how firms design Compensation contracts to induce employees to operate in the firm’s interest. This literature has reached into many areas of compensation and has pointed to a multitude of different mechanisms that can be used to induce workers to act in the interests of their employers. These include piece rates, options, discretionary bonuses, promotions, profit sharing, efficiency wages, deferred compensation, and so on.

According to the paper “Improving labor productivity: human resource management policies do matter”, Despite the consistency with which the theoretical and normative connections between human resource management practices and firm-level performance outcomes are made, empirical studies that link the two are sparse. This paper presents results from a study of 319 business units that addresses this gap. Hypotheses are derived from a resource-based perspective on strategy. Positive and significant effects on labor productivity are found for organizations that utilize more sophisticated human resource planning, recruitment, and selection strategies. These effects are particularly pronounced in the case of capital-intensive organizations.

Productivity Trends in India's Manufacturing Sectors in the Last Two Decades- According to the paper on "Labour productivity and living standards", productivity performance, explains the connection between our productivity and our living standards, in a world context, and explains how we can improve our performance through micro-economic reform.

Based on the paper, "Productivity Trends in India's Manufacturing Sectors in the Last Two Decades"-Starting in the late 1970s, the Indian authorities implemented a series of reforms aimed at exposing the economy to greater competition and at liberalizing key aspects of economic activity. This paper investigates productivity trends in India's (registered) manufacturing sectors during the 1980s and 1990s. The main findings of the paper are (i) labor and total factor productivity (TFP) growth in total manufacturing and many of the component sectors since 1980 were markedly higher than that in the preceding two decades, although the extent of the acceleration in TFP growth depends critically on the underlying assumptions about factor elasticities and the assumed structure of the production function; (ii) productivity growth for total manufacturing as well as for many subsectors picked up further after the 1991 reforms; and (iii) classification of the best performing sectors and the weakest performing sectors, based on comparative TFP, remains robust to changes in underlying assumptions.

RESEARCH METHODOLOGY

CHAPTER 3

RESEARCH METHODOLOGY

RESEARCH:

Research is a systematic and scientific search for pertinent information on a specific topic. It includes testing, verification, classification, organization and orientation which include prediction and application.

TYPE OF RESEARCH:

The type of research used in this study is descriptive in nature. Descriptive research includes surveys and facts, findings, enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. The main characteristic of this type of research is that the researcher has no control over the variables; he can only report what happened or what is happening.

SAMPLING FRAMEWORK:

The sampling technique followed was convenience sampling. This is a non-probability sampling where sampling units are selected because of their convenient accessibility and proximity to the researcher.

SAMPLE SIZE:

The sample size selected for the study is all the employees of the company ie.,91.

SOURCES OF DATA:

Data refers to the information or facts. Both primary and secondary sources were used for data collection.

Primary data:

The primary data was collected through questionnaire. Questionnaire was given to all the level of employees which include managers, supervisors, clerk and workmen.

Secondary data:

The secondary data was collected from company manuals and websites.

TOOLS USED:

The tools used for the study are:

1. Simple percentage method &

TIME FRAME:

The study was carried out for a period of three weeks.

3.5 LIMITATIONS OF THE STUDY:

- The study was confined only to the employees of Micro Fine Clothing Pvt Ltd.
- Time period was a constraint
- Some workers hesitated to give complete information.

ANALYSIS AND INTERPRETATION

CHAPTER 4
ANALYSIS AND INTERPRETATION

Table 4.1

Age of the employees

Age of the employees	Total no. of respondents	Percentage of respondents
18 – 20	2	2.2
20-30	42	46.2
31-40	31	34.1
>40	16	17.6
Total	91	100.0

INFERENCE:

Around 46% of the employees are at the age between 20 and 30 years whereas 34% is around 31 to 40 years and 17.6% are above 40% and 2.2% from 18 to 20 years

Chart 4.1

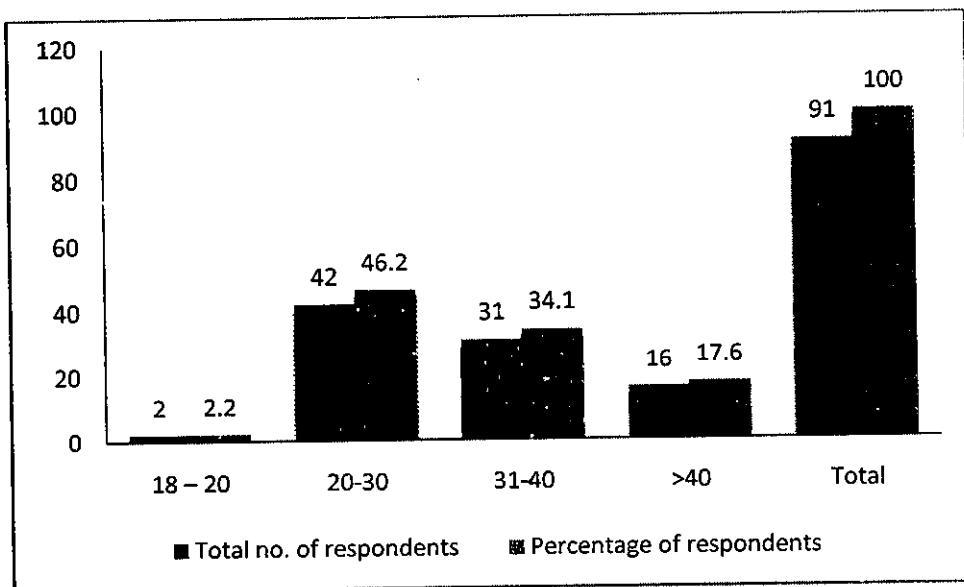


Table 4.2

Gender of the Respondent

Gender of the Respondent	Total No. of respondents	Percentage of respondents
Male	45	49.5
Female	46	50.5
Total	91	100.0

INFERENCE:

Both male and female employees are moreover equal in number. The percentage is around 50% for both the genders.

Chart 4.2

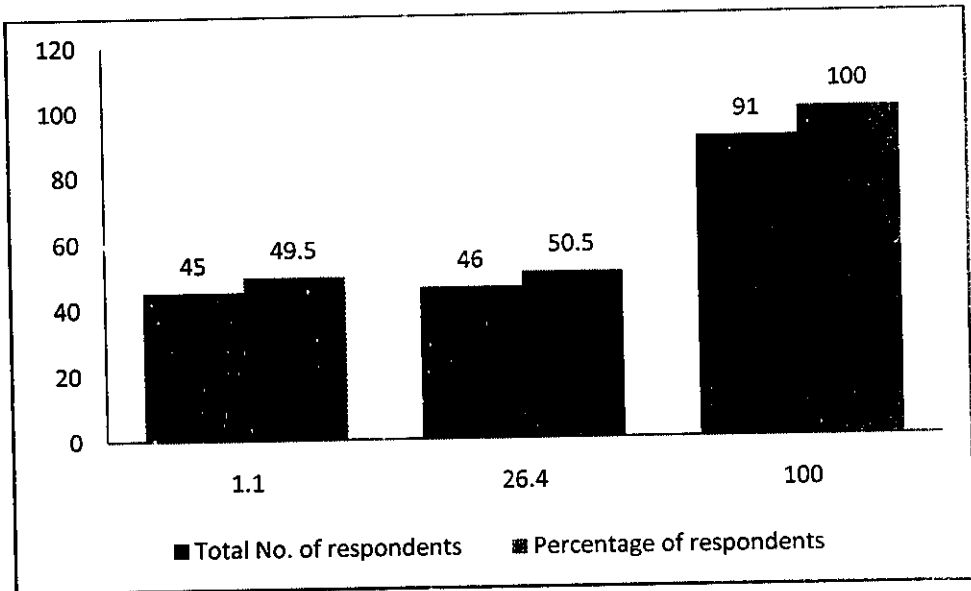


Table 4.3
Marital Status of the Respondent

Description	Total Number of respondents	Percentage of Respondents
Single	51	56.0
Married	40	44.0
Total	91	100.0

INFERENCE:

Majority of the workers that is 56% are single and 44% of the employees are married.

Chart 4.3

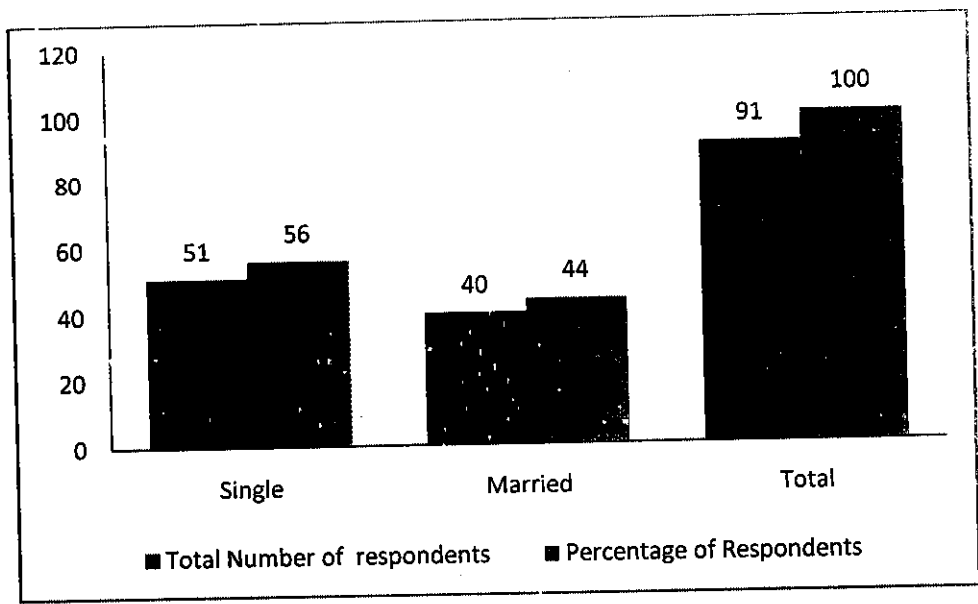


Table 4.4
Qualification OF Employees

Qualification of the employees	Total number of respondents	Percentage of respondents
School Level	66	72.5
Diploma	1	1.1
Uneducated	24	26.4
Total	91	100.0

INFERENCE:

Majority of the employees have only school level education and 26.4% are uneducated and around 1% is a diplomat.

Chart 4.4

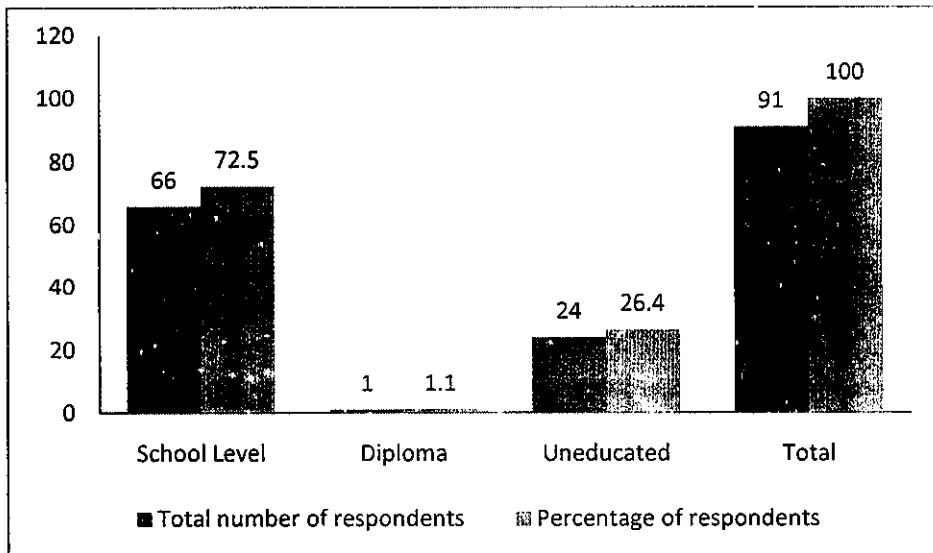


Table:4.5
Monthly Incomes Of The Employees

Income (Rs)	Total number of respondents	Percentage of respondents
3500	19	20.9
3600 to 4000	40	44.0
4100 to 4500	32	35.2
Total	91	100.0

INFERENCE:

Majority of the employees earn an income around Rs. 3600 to 4000. Around 35% of the employees earn around Rs 4100 to 4500 and 20.9% earn around Rs 3500.

Chart 4.5

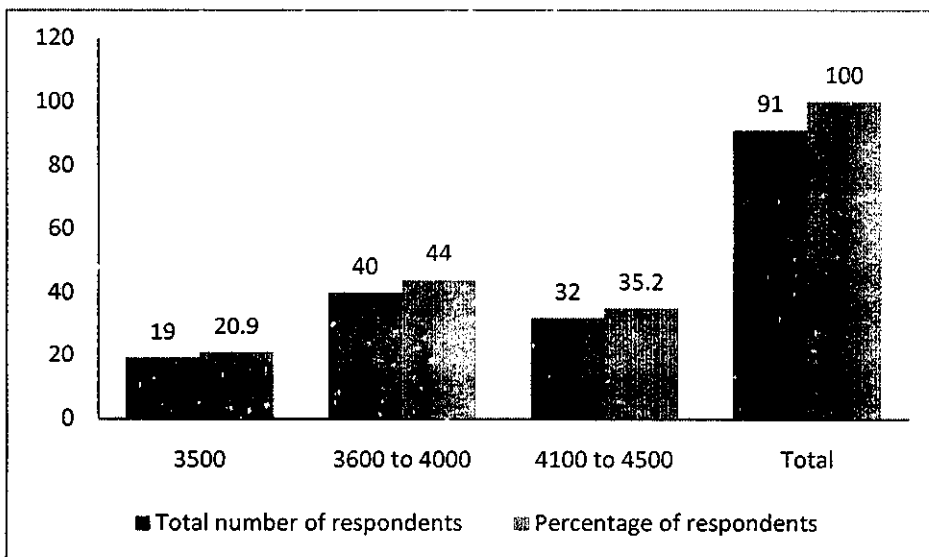


Table 4.6
Work Experience Of Workers In The Company

Number of years	Total number of respondents	Percentage of respondents
<5 years	46	50.5
5 to 10 years	39	42.9
11 to 20 years	6	6.6
Total	91	100.0

INFERENCE:

Majority of the workers have a work experience below 5 years and around 42.9% of the employees have experience of 5 to 10 years and 6.6% have 11 to 20 years of experience.

Chart 4.6

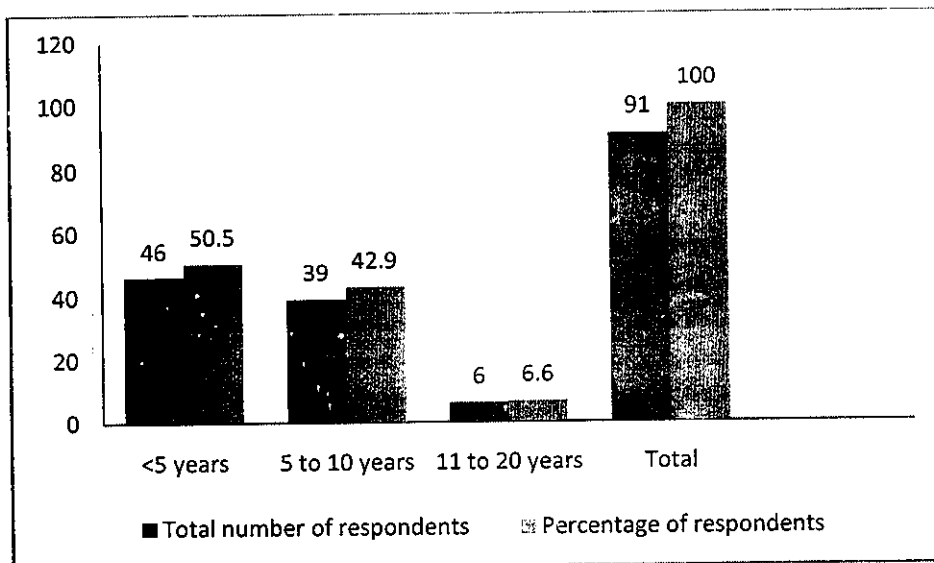


Table4.7
Awareness about The Incentive Policies

Opinion	Total number of respondents	Percentage of respondents
Yes	69	75.8
No	22	24.2
Total	91	100.0

INFERENCE:

Majority of the employees are aware about the incentive policy existing in the company.

Chart 4.7

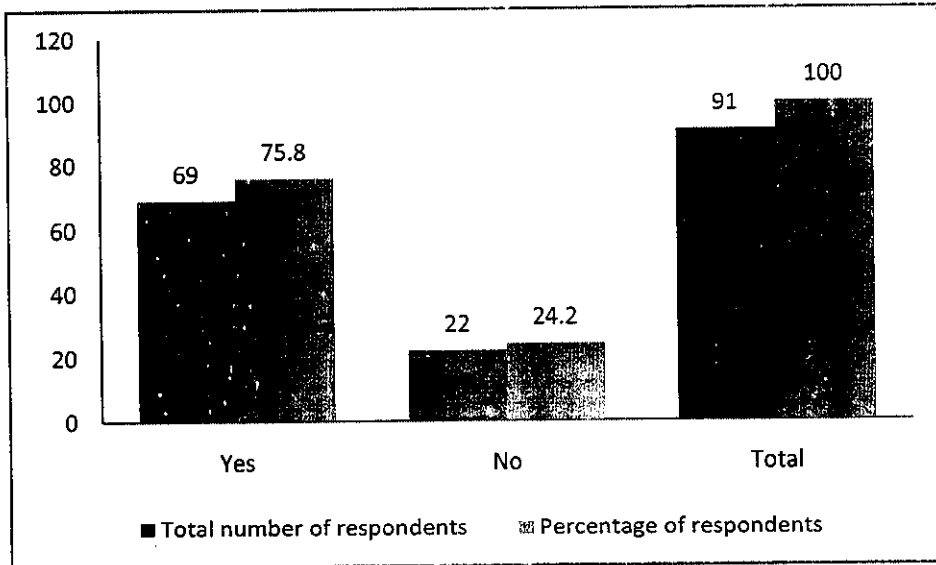


Table 4.8
Satisfactory level of the employees over the incentive policy

Opinion	Total number of respondents	Percentage of respondents
Highly satisfied	19	20.9
Satisfied	34	37.4
Average	26	28.6
Dissatisfied	12	13.2
Total	91	100.0

INFERENCE:

Majority of the workers are satisfied with the current incentive policy, 28.6% of the workers are neither satisfied nor dissatisfied and 20.9% of the workers are highly satisfied.

Chart 4.8

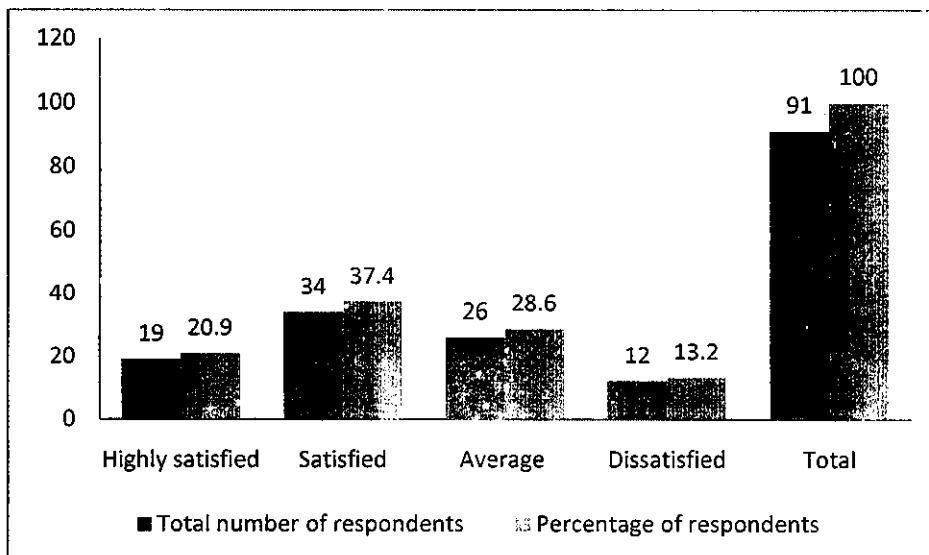


Table 4.9
Satisfactory Level Of The Employees Over Leave Facilities.

Opinion	Total number of respondents	Percentage of analysis
Highly satisfied	15	16.5
Satisfied	31	34.1
Average	17	18.7
Dissatisfied	9	9.9
Highly dissatisfied	19	20.9
Total	91	100.0

INFERENCE:

Majority of the employees are satisfied with the leave facilities and 20.9% of the employees are highly dissatisfied, 16.5% of the employees are highly satisfied with the leave facilities.

Chart 4.9

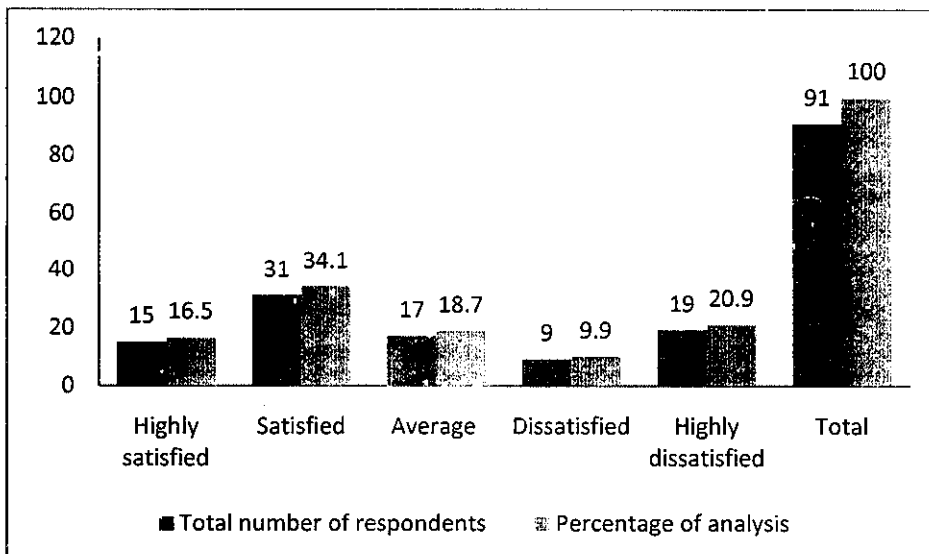


Table 4.10

Regarding workers' satisfactory level over the incentives received for their work done

Opinion	Total number of respondents	Percentage of respondents
Highly satisfied	21	23.1
Satisfied	30	33.0
Average	13	14.3
Dissatisfied	9	9.9
Highly dissatisfied	18	19.8
Total	91	100.0

INFERENCE:

Most of the workers are satisfied over the incentive policy given for the work done and 23.1% of the workers are highly satisfied.

Chart 4.10

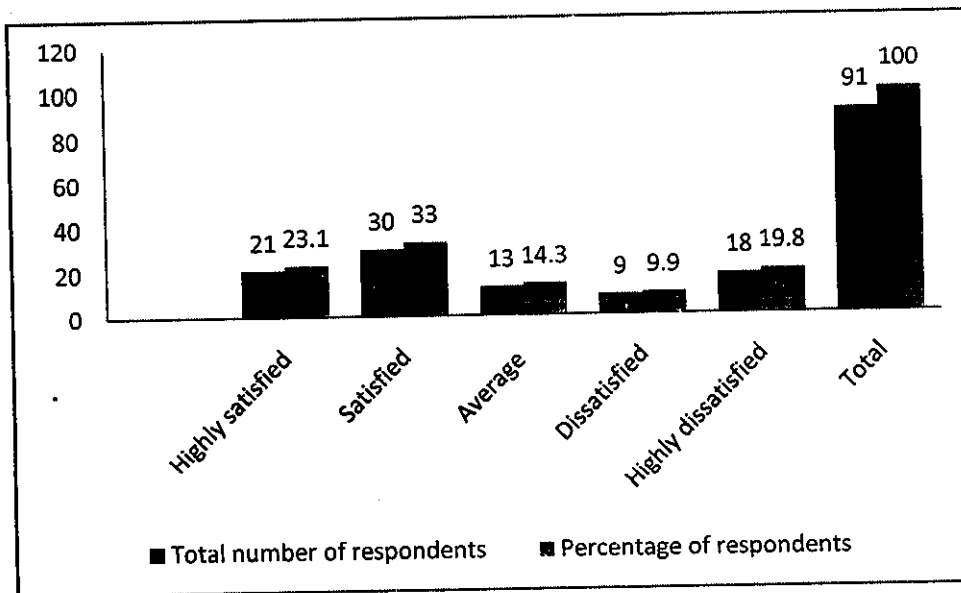


Table 4.11
Employee's willingness to work for long hours

Opinion	Total number of respondents	Percentage of respondents
Yes	37	40.7
No	54	59.3
Total	91	100.0

INFERENCE:

Majority of the workers are not willing to work for long hours.

Chart 4.11

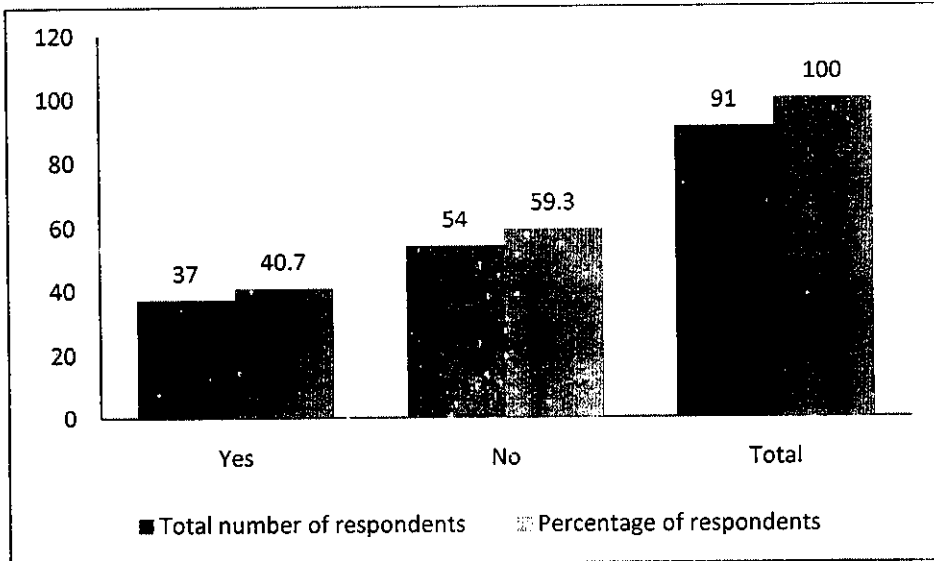


Table 4.12
Preferred Type Of Incentive Policy By The Employees

Policies	Total number of respondents	Percentage of respondents
Monetary incentives	50	54.9
Non-monetary incentives	41	45.1
Total	91	100.0

INFERENCE:

Majority of the workers prefer to have monetary incentives.

Chart4.12

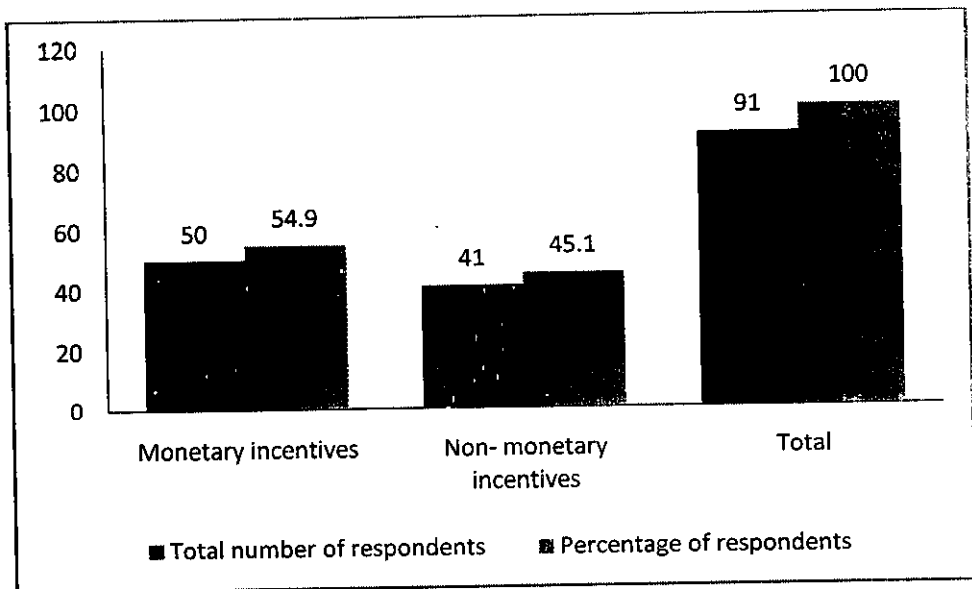


Table 4.13

Kind Of Incentive Policy Preferred By The Employees

Incentive kinds	Number of respondents	Percentage of respondents
Positive	46	50.5
Negative	45	49.5
Total	91	100.0

INFERENCE:

Majority of the workers prefer positive kind of incentive policy.

Chart 4.13

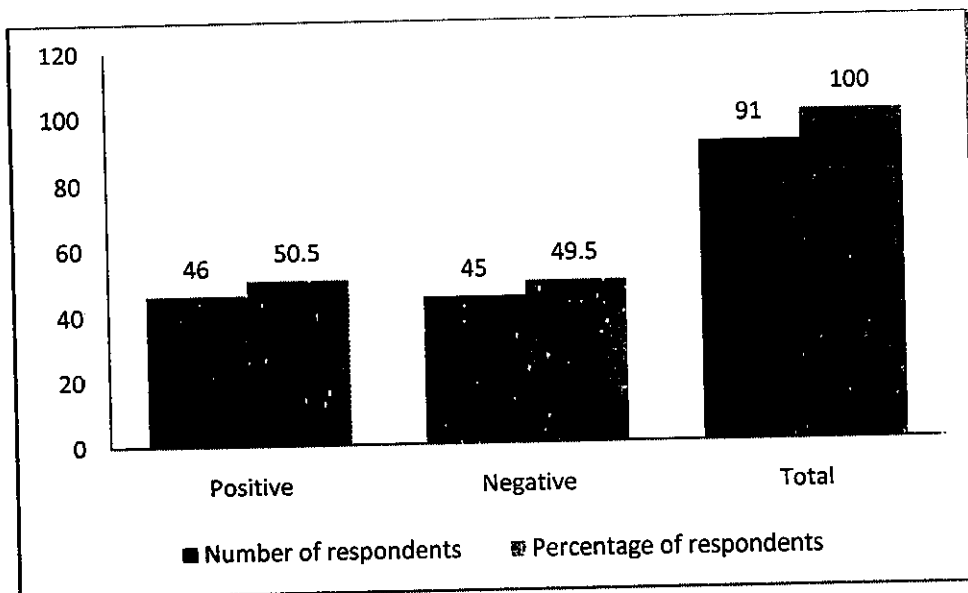


Table 4.14

Satisfactory Level Of Straight Piece Rate Incentive System Followed In Company

Opinion	Total number of respondents	Percentage of respondents
Highly satisfied	16	17.6
Satisfied	29	31.9
Average	18	19.8
Dissatisfied	11	12.1
Highly dissatisfied	17	18.7
Total	91	100.0

INFERENCE:

Majority of the workers are satisfied with the straight piece rate incentive system and 18.7% workers are highly dissatisfied.

Chart 4.14

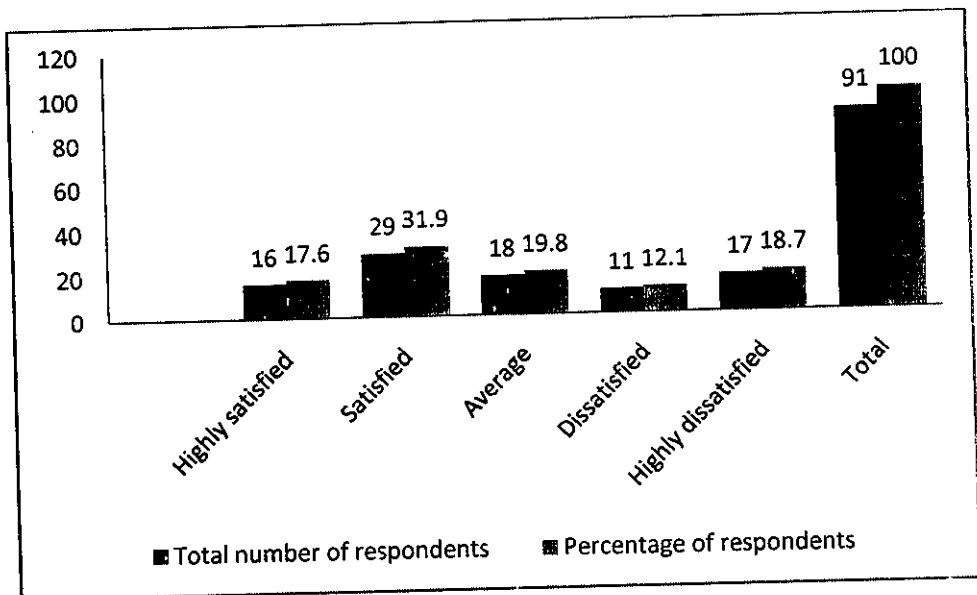


Table 4.15
Number Of Times Incentives Received By An Employee

No: of times incentives received by the employees	Total number of respondents	Percentage of respondents
<3	17	18.7
3 to 8	33	36.3
8 to 13	24	26.4
13 to 18	11	12.1
> 18	6	6.6
Total	91	100.0

INFERENCE:

Majority of the workers have received incentives around 3 to 8 times.

Chart 4.15

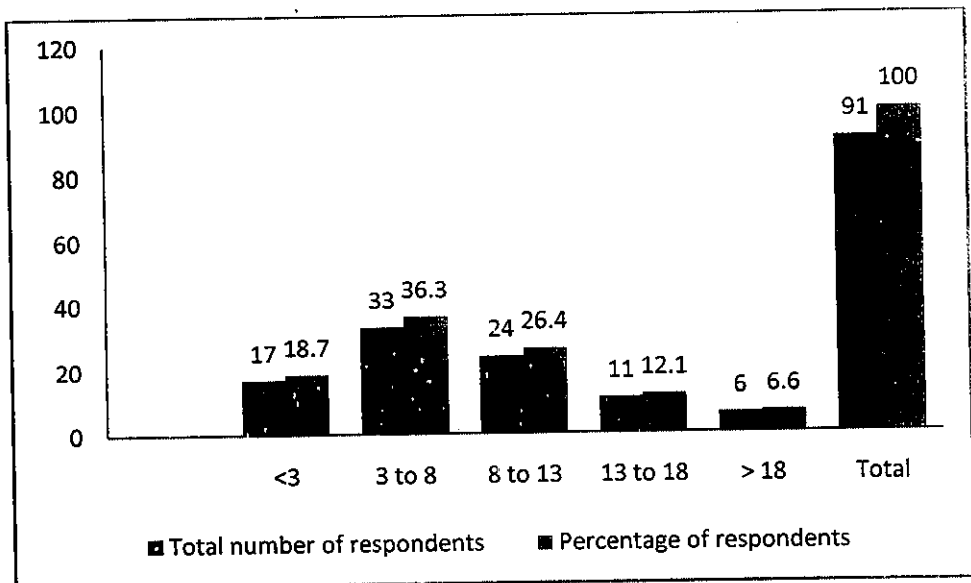
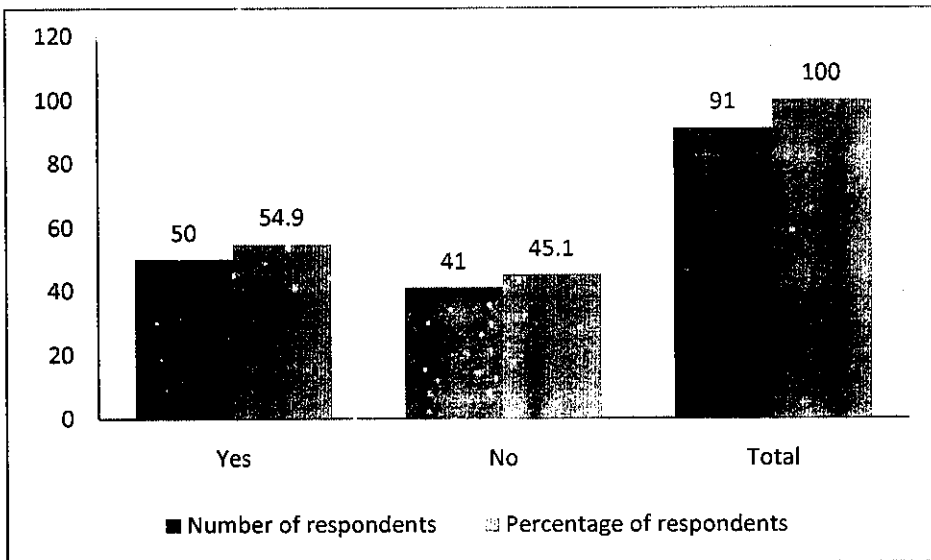


Table 4.16**Improvement in the Productivity If the Incentive Policy Is Changed**

Opinion	Number of respondents	Percentage of respondents
Yes	50	54.9
No	41	45.1
Total	91	100.0

INFERENCE:

Majority of the workers have preferred to have a change in the current incentive system.

Chart 4.16

FINDINGS SUGGESTIONS & CONCLUSION

CHAPTER 5

CONCLUSION

5.1 FINDINGS:

- 72.5% of the employees are having only school level education.
- Majority of the employees earn an income around Rs. 3600 to 4000.
- 50.5% of the workers have a work experience below 5 years.
- Majority of the employees are aware about the incentive policy existing in the company.
- 37.4% of the workers are satisfied with the current incentive policy.
- 34.1% of the employees are satisfied with the leave facilities.
- Only 23.1% of the workers are highly satisfied over the incentive policy given for the work done.
- Most of the workers are not willing to work for long hours.
- Monetary policies are mostly preferred by the employees.
- 50.5% of the workers prefer positive kind of incentive policy.
- Though 37.1% of the workers are satisfied with the straight piece rate incentive system, 18.7% workers are highly dissatisfied about the same.

- The number of times incentives received by the employees are relatively lesser say only 3 to 8 times per month.
- Around 54.9% of the employees prefer to have a change in the current incentive system.
- The monetary benefits are the major factor associating with the increase in productivity.

5.2 SUGGESTIONS

The following suggestions are made to improve the relativeness between productivity and incentive policies at Micro Fine Clothing Private Ltd.

- The organization should try to retain the employees since most of the employees have experience only less than 5 years.
- Along with the Straight Piece Rate Incentive System followed in the company, other incentive policies can also be implemented to improve productivity.
- Preferably monetary incentive policies can be implemented to improve the productivity of the company.
- Positive kind of incentives should be preferred by the organization.
- The company has to follow the same working hours, since most of the workers are not willing to work for long hours.
- There is no need to change with the leave facilities provided for workers by the organization.
- The number of times a worker receiving incentives per month should be increased possibly by adding other incentive policies.

5.3 CONCLUSION

Employees' incentive policies are very important in an organization in order to retain the employees and also to improve the productivity of the company in order to take the organization to higher level. This is possible only when there is good incentive policies followed in the company. Thereby the company should implement such incentive policies and help in the growth of the employees which eventually leads to the improvement of the organization too.

BIBLIOGRAPHY

BIBLIOGRAPHY

BOOKS

- Prasad L.M : “PRINCIPLES AND PRACTICE OF MANAGEMENT”,
6th edition, sultan chand and sons 2001, New Delhi.
- Rao .V.S.P : “HUMAN REESOURCE MANAGEMENT”,
1ST edition, exel book 2000, New Delhi.
- Mamoria.C.B : “PERSONAL MANAGEMENT AND MOTIVATION”,
3RD edition, Himalaya Publishing House 1984.
- Kothari C.R : “RESEARCH METHDOLOGY”,
2nd edition, WishawaPrakashan 1999, New Delhi.

WEBSITES

- <http://en.wikipedia.org/wiki/Incentive>
- http://en.wikipedia.org/wiki/Workforce_productivity
- http://www.managementstudyguide.com/motivation_incentives.htm

APPENDIX

APPENDIX

QUESTIONNAIRE / SCHEDULE

1. Age (in years): < 20 20 – 30 31 – 40 > 40
2. Gender: Male Female
3. Marital status: married single
4. Educational qualification:
 school level diploma graduate
 uneducated others
5. Monthly income (in Rs):
 3500 3600-4000 4100-4500
6. Work experience in the company (in years):
 <5 5 – 10 11 – 20 >20
7. Are you aware of the incentive policies provided by the company? yes no
8. Are you satisfied with the incentive policies provided by your company?
 highly satisfied satisfied average
 dissatisfied highly dissatisfied
9. Are you satisfied with your leave facilities?
 highly satisfied satisfied average
 dissatisfied highly dissatisfied
10. Do you feel you are given the right incentive for your efforts at work?

highly agree agree neither agree nor disagree

disagree highly disagreeS

11. Are you willing to work for extended hours?

Yes No

12. If Yes, what kind of incentive plans you suggest?

monetary non-monetary

13. What kind of incentive policy you prefer?

positive incentive policy negative incentive policy

14. Are you satisfied with the Straight piece rate incentive system followed in your company?

highly agree agree neither agree nor disagree

disagree highly disagree

15. How many times have you received incentives from the company?(for a month)

<3 times 3 to 8 times 8 to 13 times

13 to 18 times > 18 times

16. Do you think you can show better productivity at work if the incentive policy is changed?

Yes No