RECRUITMENT AND TRAINING OF MANAGERS IN THE PUBLIC SECTOR CONCERNS IN KERALA

Thesis Submitted to the University of Cochin
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Doctor of Philosophy in Management
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by

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PREFACE

Public undertakings have been assigned a
significant role to play in the systematic socio-eco-
nomic development of India. My interest in the subject
was kindled while I was doing my Masters Diploma in
Public Administration at the Indian Institute of Public
Administration, New Delhi during 1960-61. It was
further strengthened by my teaching of the subject in
different courses offered by me at the School of Manage-
ment Studies and in several programmes organised by
various voluntary and training organisations like the
Institute of Management in Government, Trivandrum,
Centre for Management Development, Trivandrum, etc.
The several years in which I served as a member of the
faculty in the School of Management Studies, University
of Cochin, gave me the opportunity to come into close
contact with different public sector concerns and their
managers at various levels. This rich opportunity
gave me a better insight into the problems faced by
these concerns. The present study is a result of the
interest so developed.

In completing the study I am thankful to
Dr. N. Parameswaran Nair, Professor and Director, School
of Management Studies, University of Cochin for his
invaluable guidance and constant encouragement.

C O N T E N T S

Contents (contd..)

Contents (contd..)

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LIST OF TABLES

(List of Tables - contd...)

Table No.

(List of Tables - contd...)

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CHAPTER I

INTRODUCTION

1.1.0   THE ROLE OF PUBLIC SECTOR

1.1.1 In the latter part of the twentieth
century the concept of the role of State intervention in
economic activities has undergone a remarkable change.
Regardless of ideological background, State intervention
of a positive kind in the ownership, operation and regu-
lation of industries and services has now become a part of
governmental activity[1]. This is found "in a great variety
of countries--in new nations seeking to modernise their
economies as well as in the mature States striving for
more flexibility in their administration of public policies,
in dictatorship as well as democracies, in nations under
capitalism as well as those under democratic socialism"[2].

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[1]Robson, William, A., Nationalised Industry and
Public Ownership (London: 1972) p.17, For the role of
Public Enterprises in Different Countries, see, Hanson, A.H.
(ed) Public Enterprise: A Study of Its Organization and
Management in Various Countries, (Brussels: 1955), Friedmann
W., (ed) The Public Corporation: A Comparative Symposium
(London: 1964); United Nations, Organization, Management
and Supervision of Public Enterprises in Developing Countries,
(New York: 1974).

[2]Musolf, Llyod, D., Public Ownership and Account-
ability: The Canadian Experience. (Cambridge, Massachusetts:
1959) p.vii.

1.1.2   The public sector has a special and
more significant role to play in a developing country like
India having a mixed economy, where planning is playing a
key role.   As Hanson has rightly observed, not only is
the success or failures of the economic plans of the Indian
Government a matter of life and death for some six hundred
and fifty million people, it will be widely regarded as a
conclusive answer to the question, present in the mind of
the people in every part of the underdeveloped world, whether
there is practicable alternative to communism as a means
of rapid economic development.   "For India is attempting
such a development without wholesale nationalisation, with-
out enforced collectivisation, and with parliamentary
democracy and civil liberty and hoping thereby to bring into
existence what her leaders call a 'Socialist Order of
Society' in which all unnecessary and unjustifiable economic,
social and political inequalities will have disappeared"[3].
The success or failure of the Indian economic plans, depends
to a considerable extent, on the success or failure of her

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[3]Hanson, A.H., Public Enterprises and Economic
Development (London: 1960) p.187.

public enterprises because, "public enterprise without a plan can achieve something, a plan without public enterprise is likely to remain as on paper"[4].

1.1.3 Public enterprises exist primarily in order to represent the government's interventionist objectives in the economy. They exist as distinctive institutions, because they represent governments' efforts to create agencies with strong management capability to conduct business activities effectively and efficiently. The public sector, therefore, is distinguished by its management characteristics as well as by its economic function. The public enterprise sector exists as an identifiable and separate segment of the public establishment because of these distinguishing management features.

1.2.0 MANAGEMENT - THE CRUCIAL FACTOR

1.2.1 Economic development of any nation depends heavily upon good management in the government and various institutions maintained by the society. It follows as a matter of course that high priority should be assigned to the development adaptation, and absorption of managerial

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[4]Ibid, p.183

knowledge by any nation, institution, or other social group organised to achieve a defined goal and to optimise the results from limited resources.

> ". . . Political and business leaders all over the world recognize the urgent need to accelerate the exchange of knowledge and experience in the art and science of managing, in order to improve standards of living in all nations. Effective managers are in shorter supply than either capital or technology. This shortage is the most serious bottleneck to economic growth and improved living standards"[5].

1.2.2 The importance of management has been increasingly recognised everywhere—in business and industrial enterprise, public utility concerns and in public administration. It has been pointed out that one of the major reasons for the poor performance in socio-economic sphere is the persisting gap in managerial expertise. Speaking about the new tasks of the professional manager at the 15th Conseil International pour l'Organisation Scientifique (CIOS) International Management Congress at

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[5]CIOS, Report and Recommendations on the Feasibility of an International Exchange of Management Information, (New York: 1969) p.2.

Tokyo on the theme of the new role of management: Inno-
vation and Internationalisation, Peter Drucker referred
to this problem in the context of developing economies.

       ". . . It can be said without too much over-
simplification that there are no 'underdeveloped
countries', there are only 'undermanaged' ones.
Japan a hundred years ago was an 'underdeve-
loped' country by every material measurement,
but it very fast threw up management of great
competence, indeed of excellence. Within
twentyfive years Meiji Japan had become a
'developed' country, and indeed in respects,
such as literacy, the most highly developed
of all countries. We realise today that it
is Meiji Japan, rather than 18th century
England--or even 19th century Germany--which
has to be the model of development for the
underdeveloped world. This means that manage-
ment is the prime mover and that development
is the consequence.

       "All our experience in economic develop-
ment proves this. Wherever we have only
contributed the economic 'factors of production'
especially capital we have not achieved develop-
ment. In the few cases where we have been
able to generate management energies (eg. in
the Cauca Valley in Colombia) we have generated
rapid development. Development in other words,
is a matter of human energies rather than of

economic wealth. And the generation and direction of human energies is the task of management"[6].

1.2.3 The central challenges and opportunity facing the developing economies is the promotion of optimum utilization of human capacity, potential and assets, since the condition of underdevelopment in an economy is a function of undermanagement of its resources, more particularly the human resources. "Countries are underdeveloped because most of their people are underdeveloped, having had no opportunity of expanding their potential capacities in the services of society[7]. If a country is unable to develop its human resources, it cannot develop much else, whether it be a modern political and social structure, a sense of national unity, or higher standards of material welfare[8].

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[6]Drucker Peter, F., "Management's Role in the New World" in New Role of Management: Innovation and Integration, Proceedings of 15th CIOS International Management Congress, (Tokyo: 1969) p.24.

[7]Carle, Adam, "Some Aspects of Educational Planning in Underdeveloped Areas", Harvard Business Review, (Vol. XL , No.3, 1962) p.300.

[8]Harbison, Frederic and Myers, Charles, A., Education Manpower and Economic Growth (New York: 1964) p.13.

While optimum utilization of human capacity and the pro-
motion of human resources development may be a global
problem, it is particularly acute in a country like India
where the asset of the teeming millions is yet to be
capitalised because of the problem of undermanagement or
what is popularly called 'the management gap'[9].

1.2.4   With the growth of the Public Sector
and the expansion of the range of tasks to be resolved with
its help, questions of organization, management and effi-
ciency became increasingly important to the developing
countries.   As noted in a United Nations Study, "the
pending issue is no longer whether or not to promote an
expanding public enterprise sector, but rather how to make
it play the role of lead-sector which it has been assigned
in their development plans"[10].   The key problem of the
public sector, particularly in all developing countries,
is raising efficiency.   There are a number of objective
and subjective reasons why its commercial profitability

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[9]Chandrakant, L.S., Management Education and
Training in India (Bombay: 1973) p.121.

[10]United Nations, Organization and Administra-
tion of Public Enterprises, (New York: 1958) p.169.

is as yet rather low. Notwithstanding the fact that
public sector aims not merely at commercial benefit, that
it is created precisely because of the inability of private
enterprises and market regulations to guarantee economic
growth, it has to be admitted that unless public enterprises
make a profit the public sector will be unable to provide
its own base for reproduction and to perform the functions
assigned to it[11]. As a Soviet analyst points out, only
when public sector operates efficiently and profitably and
makes a decisive contribution to the domestic accumulation
fund does it show its advantage over the private capitalist
sector and ensure the fulfilment of the cardinal tasks of
independent development"[12].

1.2.5   In India the economic and social deve-
lopment of the nation is sought to be achieved through
planning.   The planned economy implies strong inter-rela-
tionships, and dependencies of economic activities of
various sectors.   Lack of proper planning, delay in the
execution, high production cost, underutilization of capa-
city and thereby idling of scarce capital, poor quality

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[11]Kolosov, V., The Public Sector (New Delhi:
1980) p.209.

[12]Tyulpanov, S.I., Essays on Political Economy,
(Moscow: 1969) p.271.

of products and other inefficiencies in the public sector
affect other sectors significantly.   It is widely appre-
ciated on all fronts that increased productivity is the
need of the hour in strengthening economic growth and
development and providing a higher standard of living for
the masses.   This implies effective utilisation of avail-
able resources in production and distribution of goods and
services required by the community at prices it can afford.
The relationship between managerial processes and producti-
vity improvement are very close and thus management in the
true sense holds the key for economic development.

1.2.6   Over the last three decades the growth
of the public enterprises in Kerala has been very signi-
ficant - both in terms of total investment made and in
terms of the people employed[13].   Along with the large
increase in the number of people employed there has also
been a considerable increase of demand in the variety of
skilled personnel required to fill in the specialised
managerial positions.   The survival and growth of the
public sector concerns demand that there should not only

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[13]Bureau of Public Enterprises, Government of
Kerala, A Review of Public Enterprises in Kerala - 1981-82
(Trivandrum: 1982) p. viii.

be a careful selection of the executives but also a
systematic and well planned system of grooming them for
the job they have to perform and also to provide them
with apportunities for further enrichment and updating of
their capabilities at every stage of their career deve-
lopment.

1.3.0   PHILOSOPHY OF PUBLIC SECTOR IN INDIA

1.3.1   "One of the serious problems that we
have identified in the case of public enterprises in India
is the lack of a distinct economic philosophy"[14]. The
public enterprises are expected to fulfil numerous obje-
ctives and goals for a nation in the throes of economic
and social development.   No doubt, different developing
countries have different emphasis on the role and the
context of public enterprises.   While generation of
surplus and seeking organizational viability continue to
remain significant objectives of public enterprises,
there is a complexity of additional forces that act as a
motivational base for establishing public enterprises.
Some developing nations have wired public enterprises as

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[14]Raj, A.B.C., Investment Decisions in Public
Enterprises in India (Madras: 1975) p.194.

a major instrument of socio-economic transformation,

Some others might not have gone that far, but have acce-

pted the symbiotic existence of promotional functions,

social welfare function and commercial function.   In a

recent study by Nitish De in Andhra Pradesh it has been

found that a substantial number of public enterprises have

been established with the objective of serving the rural

poor for bettering not only their economic conditions,

which indeed are vital but also their quality of life

itself[15].   The problems of public enterprises in deve-

loping countries, therefore, are problems not only of slow

and steady growth in economic and social dimensions but

accelerating the process by establishing relation between

the task system and the human system.   It is not enough

then, to conceive of public enterprises as a contribution

to net domestic product but also as establishment of an

effective system for continuous rise in the quality of

life"[16].

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[15]De Nitish, R., "Coordination of Public Enter-
prises: Case Study from India", Paper presented at the
Study Group Meeting, Asian Centre for Development Admini-
stration, Kulalumpur (Sept. 1975).

[16]De Nitish, R., "Organisation Development for
Improving Public Enterprises", Vikalpa, (Vol.I,No.2, 1976)
pp.27-39.

1.4.0   THE PUBLIC AND PRIVATE SECTOR

1.4.1   The difference between the culture of the

public sector organisations and the private sector ones

in India are too well-known.   Some of the dominant beliefs

that are prevalent in private sector enterprises are the

efficacy of individual enterprises, profit as a necessary

objective and the consistence of reward with effort.   These

beliefs are reflected in the dominant goals these organi-

sations pursue and the manner in which they pursue them.

Profitability is the goal of the private sector organi-

zation.   The goal of profit gives rise to work norms

which are aimed at the highest level of productivity

through the use of rewards and punishment and the system

of incentives.

1.4.2   In contrast, the cultural subsystem of

the public sector organizations presents a very different

picture.   Until recently at the highest governmental

levels, official statements indicated that profitability

was not the most important objective of a public sector

organisation.   It has been stated that creation of employ-

ment opportunities, development of backward areas, provi-

sion of an infrastructure to keep prices at levels that

will help hold inflation in check - these and such other

objectives take precedence over profit[17]. Lately,

however, there are signs that the scheme of priorities

is undergoing a change. There has been a good deal of

vagueness regarding the objectives of the public sector.

Many students of the Indian public sector have referred

to the phenomenon of vagueness of objectives. As one

writer has noted:

> ". . . Unlike the private sector organi-
> zation there is no clear identity and fixity
> of purpose as regards objectives. There is
> not one central figure or ideology which pres-
> cribes the goals and objectives of the organi-
> zation. The goals and objectives change
> with the change of government and change in
> important positions in government"[18].

Several other studies have also emphasised this aspect of

the weakness in the working of public sector enterprises[19].

This problem of vagueness of ideology or of objectives is

further compounded by unrealistic and confused perceptions

of objectives by public sector managers[20].

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[17]Dutt, R.C., "Objectives of the Public Sector"
Lok Udyog, (Vol.X, No.6, 1976) pp.9-16.

[18]Khanna, K.K., "Public Sector: Patters of
Decision Making", Economic Times, (Calcutta: Nov.19,1980).

[19]Nair, S.T., "The Hapless Public Sector Executive",
Lok Udyog, (Vol.VIII,No.7 and 8, 1974) pp.39-42.

[20]Bhakru, M. and Nagarajan, V.,"Perception of
Public Sector Management: An Exploratory Study", Lok Udyog,
(Vol.XV, No.11, 1982) pp.23-28.

1.4.3 One writer has pointed out:

". . . Public enterprises are economic organi-
zations formulated and promoted by the people
of the country, as a whole, so as to produce
goods and services to fulfil the needs of the
same group of people"[21].

A major problem faced by the managers of the public enter-
prises in Kerala is the lack of clear definition of obje-
ctives, tasks, roles and performance criteria. The pro-
blems become complicated where public sector manufacturing
concerns coexist and compete with the private enterprises.
Often what should be expected of private enterprises are
imposed on the public enterprises. This leads to con-
fusion about roles and goals, a sense of frustration and
helplessness among executives of these enterprises and
results in poor performance. Worst of all, being subject
to constant criticism and abuses hurled at them, the public
sector managers themselves seem to have reached a psycholo-
gical state of belief that they are inefficient and incom-
petent to cope with the situation.

1.4.4 There are no clear statements of obje-
ctives for any public sector enterprise in Kerala. The

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[21]Raj, A.B.C., <u>Investment Decisions in Public
Enterprises in India</u>, op.cit. p.196.

setting up of clear corporate objectives would help the managers to administer the enterprises efficiently towards the realisation of the goals. It would also help to assess correctly the efficiency of the managers. It would also help the public to understand and evaluate the performance of the enterprise in relation to its stated objectives. "The public enterprise manager has not yet found his identity perhaps because neither he nor his masters know what is expected of him except vaguely the capacity to deal with a multiplicity of, sometimes contradictory, perfectionist objectives and ideals[22].

1.4.5 A clear definition of the purpose of the organization provides a sound basis for objectives and strategies, plans and work assignments, design of organization structure and managerial jobs. According to Drucker, the purpose of an organization is located outside, in the environment. Moreover the purpose is never obvious[23]. Profit maximisation is not the purpose, it is a means to the achievement of the purpose. As Drucker says, it is only a necessary condition for the survival

[22]Tandon, P.L., "Public Sector and Corporate Evolution", Vikalpa,(Vol.III,No.1,1978) pp.13-20.

[23]Drucker, Peter, F., Management - Tasks, Responsibilities and Practices, (Bombay, 1975) chs.6,7.

of the firm so that it may achieve its larger purposes.
Lubek is of the opinion that profit maximisation as the
highest company objective is to take shortsighted and limi-
ted view and mainly stresses the owners' interest. Profit
is essentially a means for the satisfaction of long term
needs of the stake-holders[24].

1.4.5.1 "A philosophy that is both articulated
and enacted may facilitate a transformation of commitment
into productive effort because it presents a clear picture
of organization's goals, norms and values, thus providing
direction for individuals setting constratints on their
behaviour and enhancing their motivation"[25]. Ouchi and
Price suggest that an organizational philosophy may also
be regarded as an elegant informational devise for provi-
ding a form of control at once all pervasive and effective
because it offers managers an all purpose basic theory of
how the firm should be managed[26]. The benefits of an
articulated company philosophy are lost however, if it

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[24]Lubek, Heniz, "The Highest Company Objective",
Management International Review, (Vol.II, No.1, 1971) pp.39-42.

[25]Scott, W.E., Activation Theory and Task Design,
(New York: 1966) p.3.

[26]Ouchi, W.G. and Price, R.L., "Hierarchies,
Clans and Theory: A New Perspective on Organization Develop-
ment", Organizational Dynamics, (Vol. VII, No.2, 1978) p.53.

is not properly communicated to employees, or not visi-
bly supported in managements' behaviour[27]. Public sector
enterprises must be given clearly defined targets, by
which their performance can be judged, instead of making
vague exhortations to serve the community or of being a
model employer. The earlier approach to invest the manage-
ments of public enterprises with a wide range of responsi-
bilities in spheres unconnected with their primary acti-
vity has clouded the basic object of most enterprises.
Quite often, they are asked to bear social burdens which
distinctly are the normal responsibilities of governments.
Unless the identify of the public enterprises as distinct
corporate entities with well defined aims is fully recognised
and they are permitted to function freely, one cannot expect
competent and effective managements to develop.

1.5.0   MANAGERS IN PUBLIC SECTOR

1.5.1   So often one finds that the senior managers
in public sector concerns in Kerala are underorganised and
overworked. They have inadequate understanding of the
priorities and tend to expend disproportionately higher

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[27]Hatvany, Nina and Puck, Vladimir, "An Inte-
grated Management System: Lessons from the Japanese Experi-
ence", Academy of Management Review, (Vol.VI, No.3,1981)
pp.469-480.

resources for results which as not so significant. They tend to forget that concentration on the selected priorities is the key to higher performance and that results are obtained by exploiting the opportunities for tomorrow rather than by solving the problem of today. As Odiorne has pointed out, in a short span of time people forget their objectives and become so enmeshed in the activity of getting there that they forget where they are going.[28]

1.5.1.1   Objectives at the lower levels of the organization cannot be properly formulated if the corporate objectives are not clear. Individual manager's objectives and unit objectives are meaningful only within the framework of clear priorities, strategies and expectations at the corporate level. Moreover, since an organization is a means to satisfy the needs of its environment, especially those of its stake-holders, the corporate objectives are important for achieving integration of the organisation with its environment. When the environment is changing and the stake-holders' expectations are also getting modified, it is imperative for the top management to establish

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[28]Odiorne, George, S., Management by Objectives, (New York: 1973) pp.6-7.

a system of reviewing both the long-range and the short-
term corporate objectives. This will ensure that the
resources and the efforts of the organization are dire-
cted towards the achievement of such objectives as are of
current importance[29].

1.5.1.2 It has been pointed out that two dif-
ferent functions, managing the business in product or ser-
vice markets and managing public support in the political
markets, must be performed by managers of public sector
enterprises. The first deals with the functional manage-
ment of enterprise; the second is concerned with cultivating
harmonious relations between the enterprise and powerful
publics[30].

1.5.1.3 Two different explanations of managerial
behaviour in public sector enterprises have been recently
advanced by Aharoni[31], and Monsen and Walters[32]. Aharoni

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[29]Maheshwari, B.L., Management by Objectives,
(New Delhi: 1980) p.41.

[30]Zif,Jehiel, "Managerial Strategic Behaviour
in State-owned Enterprises - Business and Political Orient-
ations", Management Science, (VolXXVII,No.11,1982)pp.1326-1339.

[31]See Aharoni, Yair, "Managerial Discretion in
State-owned Enterprise", in Aharoni Y. and Vernon, R.(eds)
State-Owned Enterpirse in Western Economies,(Croom Helm:1981).

[32]See Monsen, R., Joseph and Walters, Kenneth, D.,
"A Theory of the State-Owned Firm in a Democracy", The State
Owned Enterprises Conference, (Harvard: 1979).

suggests that managers of public sector enterprises see their enterprises subject to many demands and all kinds of intervention by the State. He argues that managerial behaviour is governed by the search for discretion and the need to disengage from the influence of politicians. Since a major dependence on public support is financial, public sector enterprise managers try to behave "like any other business manager" and are likely to stress profitability, cash flow and diversification goals in order to reduce dependence on government.

1.5.3. Monsen and Walters argue that to win elections in a democracy, governments use public sector enterprises to "solve" current political, social and economic problems. The goal of sales maximization is, in ' most cases, consistent not only with increased prestige and power for the manager, but also with the politician's need to increase employment and exports and bolster investment in depressed areas. Public sector enterprises are often called upon to resist price increase or to fight inflation while profitability is rarely a major concern. Since government policy oscillates depending on the balance of political power or various interest groups, the firm is usually in an unstable equilibrium. The manager's task in the public sector is therefore, challenging and at the

same time onerous, and we need to develop a new type.
Like Janus they have to look two ways - to their wide
sphere of consumers, public and national institutions
on the one side, and, on the other to the state and its
ramification as representatives of the people. Their
task is both business and society and business and govern-
ment. The public enterprise managers must therefore deve-
lop the capacity to deal with a large and more complex
universe, beside their capacity to manage the enterprise[33].

1.5.4 A close study of the structure and fun-
ctioning of public sector enterprises in Kerala will reveal
that whereas the sector has been quite successful in evol-
ving broad agreements on its policies and objectives, deve-
loping technology and generating financial resources, etc.,
unfortunately the public sector has not been able to
institutionalise a sound management pattern and organise
its human resources in an effective manner. The imper-
fections in organising the human resources are more apar-
ent in larger enterprises.

1.5.4.1 The first and the foremost phenomenon
in the organizational environment of public sector enter-

[33]Tandon, P.L.,"Public Sector and Corporate
Evolution", Vikalpa, op.cit. p.65

prises is a high degree of centralisation. The over
centralization at top level results into over-working
of the top executives whereas middle and lower level exe-
cutives are starved of the opportunities for taking ini-
tiative. It will be interesting to trace the background
of this phenomenon. When we started the public sector
concerns in Kerala the State did not have any previous
experience of running the business enterprises. The result
was that the public sector had to depend heavily on bureau-
cracy for everything. Not only did the bureaucrats occupy
all top positions in public sector, the bureaucratic govern-
ment culture also got transplanted in the public sector.

1.5.5 One of the legacies of bureaucracy was
centralised administration getting established within the
enterprises. On the one hand, the public sector has been
growing very fast and some large companies have been growing
into multi-plant and multi-divisional corporations. On
the other hand, very little has been done to delegate ade-
quate authority to the unit and divisional levels. Quite
obviously, most of the public sector corporations parti-
cularly the big ones, have an imbalanced organizational
structure, every trivial routine decisions are taken at
the top level. There is a tendency for pulling and
pushing the decision levels upwards. In such conditions
even a moderate participation of the employees at various

levels is deni**ed.** The para'oxical thing is, that, on one hand, most of the corporations are claiming to have adopted participative management or workers' participation in management but, on the other hand, they operate and even encourage the kind of structures which can never allow genuine participation on the part of the employees. Not only that the non-participation of the employees in various decision-processes at appropriate levels delay the decision making itself but it also results in gross wastage of human energy.

1.5.5.1 Another significant element of organizational environment in public sector is the emphasis on rules, regulations, conformity, obedience and subordination. This again is the legacy of bureaucratic impact on the public sector concerns. It is difficult for an independent observer to make a distinction between the working environments of a business enterprise in the public sector and a typical government department. The appointment, promotion, transfer, placement, leave, suspension, retrenchment, performance appraisal, retirement rules, etc., are more or less the same in most of the public sector concerns and they very favourably compare with the rules of government departments. Obviously, a business environment demands a culture which can generate initiative, innovation, creativity and originality. The bureaucratic rules certainly

do not help these enterprises in developing a business
or professional culture.

1.5.5.2   For various reasons, such as the fact
that in the early stages of the growth of the Kerala public
sector, civil service rules somewhow got inducted into the
personnel manuals of public sector organizations, the bur-
eaucratic system of administration came to be transplanted
into the public sector.   The bureaucratic culture has
important consequences for the day-to-day functioning of
the organization.   Behaviour at work, working conditions
reward and punishment and discipline are all subject to
rules which are clearly laid down.   The scope for personal
whims and idiosyncracies playing an important part in these
matters has been securely guarded against.   Since seni-
ority wields considerable weight in matters of promotion,
there is little individual discretion operating in that
sphere either.   Merton has summarised the effects of such
a system on people's attitudes and behaviour:

> ". . . Ready calculability of others' behaviour
> and a stable set of mutual expectations is thus
> built up.   Moreover, formality facilities the
> interaction of occupants of offices, despite
> their (possibly hostile) private attitudes
> towards one another.   In this way, the actions
> of both are constrained by a mutually recognised
> set of rules.   Specific procedural devices

> foster objectivity and restrain the quick
> passage of impulse into action"[34].

As Merton points out, the reliability of response and the devotion to strict regulation which this system entails, have mnay adverse consequences. Rules become absolute; they become ends rather than means to an end. These attitudes hamper adaptability to change. Timidity, conservatism, and technicism result. The depersonalization of relationships also plays a part in the bureaucrat's trained incapacity.

1.5.6 An organization should ideally be shaped in a manner that enables it to subserve its objectives, which for public enterprises are industrial and commercial. In practice, the enterprises inherit structures that are administratively designed and this endows them with a decision making process that is hierarchical, vertical, cumbersome and slow, as in the administration itself. This takes a toll of time and cost, particularly in the fast changing technology and the inflationary conditions today[35]. Bennis

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[34] Merton, Robert, A., Social Theory and Social Structure, (New York: 1968) p.28

[35] Tandon, P.L.,"Public Sector and Corporate Evolution", Vikalpa, op.cit. p.62

contended that "The bureaucratic form of organization is becoming less and less effective; that it is hopelessly out of joint with contemporary realities; that new shapes and models are emerging which promise drastic changes in the conduct of the corporation and of managerial practices in general"[36].

1.5.6.1 The control by the Government and the bureaucratic culture hinder rather than help the public sector manager who is bent on achievement of high levels of productivity. Unlike in the case of the private sector, elements in the cultural subsystem of the public sector offer no aids to the manager in his pursuit of discipline and high productivity. The highly formalized and limited authority, the rigid system of reward and punishment as well as the explicit prescriptions in disciplinary matters act as brakes in the achievement of levels of productivity beyond the minimum indicated. Therefore, apart from task-based motivational techniques like job enlargement and job enrichment, the only avenue open to him is through personal influence to inspire people towards high involvement, high commitment and high achievement. In other words,

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[36] Bennis, Warren, "Beyond Bureaucracy", *Trans-Action*, (Vol.XIII, No.2, 1965) p.31.

only persuasion not pressure will work in a public sector
organisation for achievement of high productivity. As
Das has pointed out: "a public enterprise manager needs
all the positive qualities of both the good business
manager and the good civil servant. Such a peculiar combi-
nation of talents is not generally to be found within the
rank of private industry"[37]. Consequently, a public
sector manager requires personal qualities of leadership
to inspire among the employees confidence, trust, loyalty
and commitment.

1.5.6.2 Thus, the challenge and opportunities
of systematic planning recruitment and training of mana-
gerial manpower in the public sector are quite considerable.
The challenge is one of developing an integrated concept
by designing programmes which on the one hand will cater
to the diverse development needs of managers coming from
various academic and professional disciplines and performing
diverse management functions in different sectors and on
the other hand also succeed in instilling the appropriate
value system or ethos in the public enterprise managers.
The opportunities lie in the fact that in Kerala the public

[37]Das, N., The Public Sector in India, (Bombay:
1966) p.7.

enterprises are increasingly assuming a dominant role and, therefore, the efficiency and effectiveness of managerial manpower in these enterprises will have a long term beneficial impact on the total development of the country.

CHAPTER II

METHODOLOGY AND LITERATURE SURVEY

2.1.0 THE PROBLEM

2.1.1   The problem of recruitment and training
of managers in public sector enterprises in the country
has been receiving increasing attention in recent times.
This has, in the main, been the consequence of an incre-
asing awareness that management per se is a distinct pro-
fession and that all persons are not necessarily cut out
for the profession.   Apart from certain personal traits
and qualities that a good manager should possess and
which set him apart from a bad or indifferent manager and
make him more effective, there are also certain skills
that a manager can usefully acquire to make him more effi-
cient and effective in his work. This feeling has been
developed particularly in the context of our experience, in
the last two or three decades, with public sector enter-
prises.   It is openly acknowledged that the performance
of our public sector units has been, on the whole, dis-
maying and that this, in large part, has been the result
of poor management.

2.1.2   The public enterprises occupy an
important position in the economic set up of the State.
Some of them have been set up to provide the industrial
infrastructure in the State.   They also act as acceler-
ators of rapid economic development.   But unfortunately,
most of these enterprises in Kerala have been haunted
by one problem or other and are running at a loss.
Table 2.1 shows the position.

Table 2.1.

Break-up of Public Sector Companies
in Kerala in terms of Their Profitability.

Period under reference.	Total Number of Units	Companies with profit	Companies with profit but with greater accumulated loss.	Companies with loss.
1980-81	39	19	7	13
1979-80	15	2	2	11
1978-79	6	1	–	5
1977-78	5	2	–	3
1976-77	2	1	–	1
		25 (37%)	9 (14%)	33(49%)

Source: Government of Kerala, A Review of Public Enter-
prises in Kerala, 1980-81, Trivandrum, 1982.

Note: Six companies haven't started commercial pro-
duction till date of publication of the Report
and two companies haven't finalised their
accounts till 1981-82.

2.2.0 SIGNIFICANCE OF THE PROBLEM

2.2.1 Public enterprises in India consists of two distinct levels, viz., the Central and the State. While the state level public sector units are more numerous and are also engaged in activities which have closer impact on the citizen's life, they do not match with the enterprises under Central Government. By comparison, most of the state enterprises except Electricity Boards and Road Transport Corporations, are pigmies. The lower investment turnover ratio in the state level public enterprises also points out that they have not been successful in achieving the expected levels of performance.[1]

2.2.2. A study of the public sector units in the state of Kerala will naturally have to be in the context of the general philosophy and policy of the Government of India and the State Governments. However, in some respects, the public sector units in Kerala, as in other State, are strikingly different from the Central Government enterprises. While the Central public enterprises sought to capture "the commanding heights" of

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[1]Maheshwari, B.L., "State Level Public Enterprises", Economic and Political Weekly, (Vol.XVI No.48 1981) p.M-165.

Indian economy, the state public sector units have been viewed as instruments of social and economic development. Thus, compared with only eleven industrial development corporations in the Central sector, the States have more than 120 industrial development corporations   A tendency

Table 2.2

Growth of Public Sector Units in Kerala

Year of Establishment	No. of Companies	No. of subsi- diaries.	Cumulative Total
Earlier than 1950	3	–	3
1950-55	2	–	5
1955-60	2	–	7
1960-65	4	6	17
1965-70	9	1	27
1970-71	2	–	29
1971-72	2	2	33
1972-73	4	2	39
1973-74	–	–	39
1974-75	6	4	49
1975-76	5	3	57
1976-77	4	1	62
1977-78	4	2	68
1978-79	2	–	70
1979-80	1	–	71
1980-81	3	1	75
	53	22	

Source: Government of Kerala, A Review of Public Enterprises in Kerala, 1980-81, Trivandrum, 1982.

to create development corporations for those activities
which were earlier carried out by the normal departmental
administration has thus characterised the growth of State
level public enterprises[2]. Perhaps, the availability of
institutional finance has been the main attraction for
this. Table 2.2 shows the growth of public sector com-
panies in Kerala State.

2.2.3 The rapid growth of public enterprises
in the last decade and the existence of a large number
such enterprises has also imposed on the state administ-
ration the burden of managing them. However, the pro-
motional or developmental thrust of the state enterprises
has also been a source of goal ambiguity, specifically in
respect of the balance between promotional and commercial
considerations in the management of these concerns. Further,
multiplicity of these organizations has aggravated the
problems of interorganisational coordination.

2.2.3.1 Commenting on this situation the
Financial Express had the following to say:

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[2]Bhandari, S.K.R., "Promotional Role of
Development Corporations in Industrialisation", Decision,
(Vol.III, No.2, 1976) pp.103-124.

"... Corporations have come to be formed
in Kerala not out of economic compulsions or
for reasons of better management. They are
created only to provide gainful employment
to politicians who cannot otherwise be properly
propitiated. In fact, State Corporations and
undertakings have become safety valves in
Kerala's coalition politics. ... The number
of jobless politicans is legion in the State
and so the number of Corporations. And when
the latter fall short of requirements the
existing ones are split. This often leads to
some anomolous, even amusing, situations.
Either no work is done as the areas of function
are not properly delineated or there is a free
for all resulting in virtual chaos. One
example will suffice. Recently the Kerala
Inland Navigation Corporation was set up although
a Water Transport Corporation had been in oper-
ation for many years. The former's functions
are yet to spelt out vis-a-vis the latter.
The result is that neither does any work and
they are sustained by the exchequer. Inst-
ances are also plenty where Corporations operate
at cross-purposes, the best example being the
tiff between the Civil Supplies and the Ware-
housing Corporations"[3].

2.2.3.2 While it is true that there are often
overlapping jurisdictions among different corporations and

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[3]*Financial Express* (16th July 1982, Calcutta)p.5.

that often new corporations have been set up while an
existing corporation would have very well served the
purpose to say that corporations are being set up to provide
employment to politicians will not be quite right. It
would be more correct to say that, often, corporations have
been set up due to interministry rivalries, becoming more
pronounced under the coalition set up in existence in the
State over the last decade and more. This is to some
extent brought out in Table 2.2 earlier, where it is seen
that more corporations were set up during years when coali-
tion governments were in power.

      2.2.4. Under the present political set up, the
public sector units in Kerala do not function as autonomous
institutions independent of external forces. They are
heavily under the control of the administering ministries.
One major change in more recent times is that political control
has replaced the bureaucratic control of the past. The
shifts in the political environment affects policy making
in the corporation. Such constant shifts in policy making
affects adversely the working of the units and their com-
mercial effectiveness. The degree of openness is an imp-
ortant consideration. As an observer has put it: "if
a business organization is so open to the events occurring

around it that it responds to every shifting wind, it cannot develop any internal stability and momentum."[4]

2.2.5 The Central sector public enterprises, barring few exceptions, were organised after independence. But in Kerala, it is to be emphasised, public enterprises has a much longer history. Industrial development under state auspices in the erstwhile princely States of Travancore and Cochin was not part of any all India effort at planned economic development.[5] A number of public undertakings such as the State Transport Department (later on converted into Kerala State Road Transport Corporation), the Electricity Department (later on the Kerala State Electricity Board), the Trivandrum Rubber Works, the Kerala Ceramics, Kundara, the Travancore Plywood Industry, Punalur (these concerns were reorganised into joint stock companies in 1964), and the Fertilisers and Chemicals Travancore Limited, Alwaye were all started before independence. But all these were done without a comprehensive industrial development plan, and it was the outcome of the solitary efforts of some eminent administrators like Sir C.P. Ramaswamy Aiyar and later, Sir R.K. Shanmughom Chetty. It had no link with any all India plan of development.

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[4]Seliler, J.A., System Analysis in Organisational Behaviour, (Homewood, Illinois, 1967) p.25.

[5]Nayar, Sukumaran, V.K., and Pillai, Gangadharan, V., Plan Formulations in Kerala, (Trivandrum: 1980) p.2.

2.2.6   Another very important difference bet-
ween the Central public sector and of the Kerala public
sector is that whereas the former could flourish under the
same party except for a shortwhile between 1977 and 1979,
the latter have been working under vulnerable political
coalitions for the last two decades or more.   No other
state in India has had such a long experience under coali-
tion governments of different political combinations as
Kerala.   By nature public sector units would be more susce-
ptible to the political environment under a coalition system
in their internal policies and decision making.   Even those
that relate to fiscal and investment decisions or product
mix may be linked with political contingencies.

2.2.7   An overview of the role boundaries and
functions of the public sector units in Kerala is likely
to offer a panorama where a large number of distinct enter-
prises are engaged in the development of industries, dairy,
fisheries, agriculture, handloom, weaker sections, mining,
manufacturing and trading activities.   This diversity has
been throwing challenges for which satisfactory managerial
pattern has yet to be evolved.

2.2.7.1   Table 2.3 shows the distribution of
companies under various administrative departments of the
State government.

Table 2.3

Number of Companies under Various Admini-
strative Departments -(as on March 1981)

	Number of		
	Companies	Subsidi-aries	Total
Industries Department	28	19	47
Agriculture Department	6	3	9
Transport, Fisheries and Ports Department	5	-	5
Local Administration and Social Welfare Department	3	-	3
Public Works Department	2	-	2
General Administration (Public Relations)Department	1	-	1
General Administration Department	1	-	1
Irrigation and Rehabilitation Department	1	-	1
Development Department	2	-	2
Food Department	1	-	1
Finance (Taxes) Department	1	-	1
Labour Department	1	-	1
Health Department	1	-	1
Total	53	22	75

Source: Government of Kerala, A Review of Public Enter-
prises in Kerala, - 1980-81, (Trivandrum: 1982).

2.3.0   GENERAL OBJECTIVES OF THE STUDY

2.3.1   Several currents of thoughts and inter-
ests have led to this study. Probably the most dominant
among these thoughts have been the one about the future of
public sector concerns which are destined to play a crucial
role in the development process of our economy and society.
There are many factors which bear upon a country's ability
and potential for economic development.   The importance
of the availability of natural resources, the ability to
attract and to accumulate capital, the creation of a stable
political system, and the availability of skilled and disci-
plined labour are well recognised in this connection. But,
all these are passive agents of development. The active
and productive agents are the entrepreneurs, the managers
and the idea men -- the scientists, technologists, engi-
neers, researchers and the like.   It is they who exploit
the natural resources, put capital and labour to work,
create and run the various organizations, institutions and
enterprises which economic growth demands[6].

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[6]Harbison,Frederic and Myers, Charles, A.,
__Management in the Industrial World,__ (New York: 1959) pp3-4.

2.3.1.1 Although managers occupy a very import-
and and crucial position in shaping the destiny of our pub-
lic sector concerns very little is known about them, espe-
cially who they are, where they come from and how they
rise to the managerial positions. Without systematic infor-
mation on these points it is difficult to estimate whether
those charged with the ultimate responsibility of deliver-
ing goods have the necessary technical competence and the
managerial talent required of them for their positions and
jobs.

2.3.1.2 The principal purpose of the present
research is to investiagate the salient features of the
human resource development system that are available in the
various public sector units in the State and to make signi-
ficant comparison with the practices prevailing in private
enterprises, and in the governmental system.

2.3.2 Specific Objectives of the Study:

1. To study manpower planning - policy and
   practices followed in public sector under-
   takings in Kerala.

2. To examine critically the recruitment and
   selection methods and procedures.

3. To examine the general aim of management
   training in public sector enterprises.

4. To study the systems of management training
   in the public sector enterprises with
   reference to its organisation and admini-
   stration.

5. To study the management training system
   prevailing in the various public sector
   units and to assess their adequacy to attain
   the goals laid down.

6. To propose changes and improvements in the
   policy, methods and procedures of recruit-
   ment and training so that the human resources
   development system of the public enterprises
   can be streamlined.

2.3.3   Another current of thought which inspired

this study has theoretical overtones.   It has been observed

that in the initial stages, of industrialisation 'patrimonial

management' was the common form of management.[7]   This is

because, it is argued, in the early stages of economic

development ascriptive values dominated all walks of life,

and these require that the integrity of the family be main-

tained at all costs.   This results in making the family

a logical base for all business and industrial activities.

2.3.3.1   As the economy moves towards maturity

and toward the stage of high mass consumption, considerations

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[7] Harbison, F. and Myers, C.A., Management in the
Industrial World, op.cit. p.69.

of loyalty start giving way to considerations of efficiency. Without such a change, it is almost always impossible to achive and sustain an accelerated pace of economic growth[8]. This results in "communal" management gradually giving way to "professional" management -- "management in which major policy making positions and nearly all other positions in the hierarchy are held by persons on the basis of alleged or demonstrated technical competence. . ."[9]

2.3.3.2   If private enterprises are character-ized by patrimonial and communal managements in the early stages of economic development, a different type of manage-ment of public enterprises seems to be in emergence. Parallel to the emergence of management in government coming into the hands of political parties and their leaders, management of the public sector units also come to be wielded by political leaders.   Just as in government the public sector organizations provide them with some base to operate from - an office, some patronage, the perquisites of the office such as travel facilities, telephone, etc.

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[8]Among others, this view has been advocated by Kerr, Clark, Dunlop John, et.al. *Industrialism and Industrial Man*, (Cambridge, Mass.: 1960) p.95; and McClelland, David, *The Achieving Society*, (New York: 1961) especially pp.172-190.

[9]Harbison F. and Myers, C.A., *Management in the Industrial World*, *op.cit*. p.75.

These are particularly so in organizations where the parti-
cular politician or political party has or intends to have
some trade union organization. This is a sort of political
management of public sector organizations. Under this
management ownership, major policy making positions, and key
administrative posts are held by persons on the basis of
political affiliation and loyalties. But for a commercial
organization this is not always the most efficient form of
management. Political leadership may sooner or later come
to realise that political appointments are usually incap-
able of coping successfully with the difficult task of
managing a large and complex industrial organization,
and that the stress on party loyalty may come to be at the
expense of efficiency. Such a realization may result in
a move toward making the management of public enterprises
increasingly professional in character.

2.3.3.3   This model, linking the type of manage-
ment with the stage of political and economic growth is an
important contribution to the understanding of the reasons
for encoutering different types and styles of management
in different societies (both in private and public sector)
and in the same society at different times. This model,
however, is only a theoretical one. The model is to be
tested on the basis of largescale empirical evidence. It

was thought that the study about the managerial systems
in public sector undertakings in Kerala would be useful to
test of the validity and reliability of this model.

2.4.0   SCOPE OF THE STUDY

2.4.1   The study is directed to ascertain the
practices followed with reference to recruitment and train-
ing of managers in the public sector concerns in Kerala.
There were 75 Government companies including 22 subsidiaries
as on 31..3..1981, with a total investment of Rs.107.36
crores.   Of these 39 are fully owned Government companies
and 14 are partly owned Government companies.   In addition,
there are 19 subsidiaries owned by the fully owned Govern-
ment companies and three subsidiaries owned by the partly
owned Government companies.   These companies together
employed 34,567 persons.[10]   In addition, there are four
statutory corporations, viz., 'The Kerala State Electricity
Board, Kerala State Road Transport Corporation, Kerala Fin-
ancial Corporation and Kerala State Warehousing Corporation[11].

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[10]Bureau of Public Enterprises, Government of
Kerala, A Review of Public Enterprises in Kerala, 1980-81,
op.cit; p.

[11]Pillai Gangadharan, The Public Sector in Kerala,
(Trivandrum: 1980) p.ii.

2.4.1.1 For the study 38 companies and four Corporations were selected. This was because only companies having a minimum of three years commercial operation were selected for the study. The profile of the organisations is presented in Appendix – I.

2.4.1.2 However, for the purpose of compiling the list of Boards of Directors, 50 companies were selected (leaving out the subsidiaries). The data for this was collected from the Office of the Registrar of Companies, Ernakulam. The list of persons serving on the Boards of Directors has been drawn up by checking the balance sheet for the year 1980-81. As the full list was not available with the Registrar of Companies, the annual returns submitted under Section 159 of the Indian Companies Act, 1956 for the year 1980 were perused and the list compiled by making suitable adjustments. The occupation or the profession of the individual directors, was also ascertained from the annual returns. As the records available with the Registrar were not sufficient in detail for the purpose of the study, they were supplemented by the information gathered through personal contacts and these details were taken into account while compiling the data.

2.4.1.3 Data Sources: The analysis with reference to the Chairmen and Chief Executives is limited to the companies as on 31.3..1981. The data for this was compiled from "A Review of Public Enterprises in Kerala 1980-81" published by the Bureau of Public Enterprises, Government of Kerala. The gap in the information was supplemented by personal interviews and investigation with the concerned companies.

2.4.1.4 A schedule and a questionnaire were used to collect primary data for the study. The schedule was intended to collect data from the top executives of all the concerns. All the organizations covered by the study were visited and the schedules were got filled after discussions with the chief executives. The chief executives often got the assistance of their subordinates in providing the data asked for. After administering the schedule, depth interviews were conducted with top level executives.

2.4.1.5 The questionnaires were distributed among the executives at various levels to ascertain their views and opinions about the human resource management system practised in the public sector units. Four hundred questionnaires were distributed to the executives at various levels. Only 277 were returned duly filled in.

Of these ,thirty seven   were rejected as they were found defective.   The information collected through schedule as well as questionnaires was tabulated.   These are presented and interpreted at the appropriate places.

2.5.0   PROFILE OF THE EXECUTIVES SURVEYED

2.5.1   Of the 240 executives who responded to the questionaire 212 (88.33%) were men and only 28 (11.67%) were women.   It is also found that majority of the executives hail from Kerala.   Only 23 (9.58%) execut-ives were from outside the State.

2.5.1.1   Majority of the executives (57.09%) belong to the age group of 26 to 45.   Only eight (3.33%) of them are above the age of 55.   Likewise only 12 (5%) of the sample are below 25.   Table 2.4 presents the results of the survey with reference to the age group of the executives.   It is interesting to note here that people even after 55, which is the normal retirement age in the Government of Kerala used to continue in positions in public sector concerns.   It is pertinent to note that very successful executives in key positions may have to be employed even after the retirement age.

Table 2.4

Age Group of the Executives

Age	Number of Executives	Percentage
Above 55	8	3.33
Between51 - 55	16	6.66
46 - 50	31	12.92
41 - 45	36	15.00
36 - 40	40	16.67
31 - 35	51	21.25
26 - 30	46	19.17
25 and below	12	5.00
	240	100.00

2.5.1.2   Table 2.5 summarises the educational qualifications of the executives surveyed.   From the table it is seen that 94 (39.16%) are professionals, and 46 (19.17%) are post-graduates.   Graduates account to 78 (32.5%) and only 22 (9.17%) are undergraduates.

Table 2.5

Educational Qualifications of Executives

Qualification	Number	Percentage
Undergraduates	22	9.17
Graduates	78	32.50
Post Graduates	46	19.17
Professionals	94	39.16
	240	100.00

2.5.1.3 Of the 94 professionals, 52 are engi-
neers and among them six are having post-graduate pro-
fessional qualifications. Next to engineers come Account-
ants. They number 21 and 15 of them have post-graduate
qualifications. Business graduates number only eight
Others belong to the areas such as Agriculture (2),
Social Sciences (7) and Law (3). There is only one
executive who belongs to another type of profession
who is a journalist by training and qualification.
Table 2.6 gives the details.

Table 2.6

Professional Background of Executives

Category	Gradu-ates	Post-gra-duates	Total
1. Engineers	46	6	52
2. Accountants*	6	15	21
3. Business Graduates	-	8	8
4. Agricultural Scientists	2	-	2
5. Social Scientists **	-	7	7
6. Lawyers***	-	3	3
7. Others	-	1	1
			94

*Executives with professional qualifications such as C.A. or I.C.W.A., Diploma in Company Secretaryship are grouped under postgraduates.

** Qualified Welfare Officers, Personnel Officers are grouped under postgraduates.

***Law Degree holders are grouped as postgraduates whether they have a Masters Degree or not.

2.5.1.4 Table 2.7 presents the job hopping pattern of the executives. Only 62 (25.83%) of the executives have changed organizations at least once. One hundred and seventy eight (74.17%) have not changed their

organizations. Only very few rotated organizations more than three times. Their number comes to only 13 (5.42%).

Table 2.7

Job Hopping of Executives

	No.	Percentage
1. First job	178	74.17
2. Second job	27	11.25
3. Third job	22	9.16
4. Fourth job	9	3.75
5. Fifth job	3	1.25
6. More than fifth	1*	0.42
	240	100.00

(* 7th job)

Of these only one has changed the job by as many as seven times.

2.6.0 SECONDARY SOURCES CONSULTED

2.6.1   The phenomenal growth of public undertakings at Central and State level is one of the most

remarkable developments in India since the attainment
of independence. The management of these undertakings
has been a subject of considerable interest to the scho-
lars and practitioners or management. Studies of public
undertakings, particularly of their economic and organi-
sational aspects have been undertaken by several scholars
and institutions and a plethora of literature has emerged.
However, almost all these studies have concentrated on
the analysis of the performance of Central Government
undertakings, resulting in the neglect of the analysis of
the different facets of the organizational dynamics of the
public undertakings at the State level.[12] The above
opinion is equally true in the case of Kerala. Hence the
researcher has to depend mainly on the primary data, and
the works published on Central government undertaking or
similar studies attempted elsewhere.

2.6.1.1 The first attempt to evaluate the
managerial problems of public undertakings in the State
was made by Kasturbai Lalbhai in 1950, under the initiative
of the Government. In his report he highlighted some of
the major problems affecting the managerial efficiency of

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[12]Khan, Saiuddin and Arora,K.Ramesh, (ed)
Public Enterprises in India, (New Delhi, 1975) p.xi.

the public sector undertakings of Travancore. However, his recommendations were not given adequate attention by the Government. Consequently the public sector concerns continued to be administered as Government departments.

2.6.1.2   The managerial problems of the public sector concerns in Kerala were again highlighted by the Public Accounts Committee of the Travancore-Cochin in 1954-55. The Committee strongly felt that the existing method of managing these organizations as offices and departments of Government would obviously hinder the efficiency of their operations. On the basis of the recommendations of the Committee the Government drew up a scheme, by the end of 1955, for introducing a uniform and effectiye system of management for all the concerns.

2.6.1.3   The non-official study group on Power, Industries and Labour for the third Five Year Plan examined the working of the Government owned concerns in 1960.[13]

2.6.1.4   In 1961 the Government of Kerala suggested to the Kerala State Industrial Development Corporation Limited to examine the working of Government owned

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[13]Government of Kerala, Report of the Non-Official Study Group on Power, Industries and Labour, Third Five Year Plan (Trivandrum) 1960)

undertakings in the State. On the basis of this suggestion, Kerala State Industrial Development Corporation appointed a Committee consisting of eight members to go into the problem.

2.6.1.5 In 1969 the Taxation Enquiry Committee[14] also examined the problems of public sector undertakings in the State. Again the Committee on Public Undertaking of the Kerala State Legislature (1968-69) also went into the working of the public sector concerns in the State, and made several recommendations with a view to make these concerns efficient.

2.6.1.6 Realising the importance of this problem, the Government of Kerala appointed a Committee as per G.O. Rt.75/73/ID dated 5-2-1973. The Committee consists of Shri K.T. Chandy, Chairman, Kerala State Industrial Development Corporation, Shri N. Gopalakrishnan Nair, Secretary (Public Enterprises) and Dr. N. Parameswaran Nair, Professor, School of Management Studies, University of Cochin, and the then General Manager, Kerala State Road

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[14]Government of Kerala, Report of the Taxation Enquiry Committee, (Trivandrum, 1969).

Transport Corporation.   Later, S. Peer Mohamed, Managing

Director of the Kerala State Industrial Enterprises Limited

was co-opted to the Committee.   The Committee's functions

were laid down by the Government as follows:-

     i) to prepare an inventory of the managerial
        manpower available in the State;

    ii) forecast the present and future require-
        ments of managerial manpower to the State;

   iii) select experienced Managers for various
        functional areas from the private and public
        sector in the country for appointment to the
        Management cadre;

    iv) evolve detailed management development
        programme for the State;

     v) advise Government on a pattern of remuner-
        ation and rewards for various levels and
        specialised groups in Management; and

    vi) suggest ways and means to establish a
        Management Institute which will facilitate
        all Management Development Programmes.

The Committee submitted its preliminary report

in 1979.   In preparing the thesis the reports of the Com-

mittees mentioned above were consulted.   These were supple-

mented by information available in a number of Reports of

Government of India and various International developmental

agencies.

2.7.0   LIMITATIONS OF THE STUDY

2.7.1   Even though there are about 80 public sector units at present, the study covered only 42 units. The reasons for selecting only 42 units were stated earlier.   When this study was started (1977) there were only 55 companies and four corporations in the public sector. For the purpose of the study only these units which had a continued existence at that time of th least three years were selected.   Thus the study was confined to only 38 companies and the four statutory corporations.

2.7.1.1   The management in some of the public sector undertakings, especially many of their top and key personnel were reluctant to give certain types of information regarding the actual practices followed in the units.

2.7.1.2   It was never intended from the beginning that this would be a formal, quantitative, variable to variable type of study.   The attempt here is to have a socially meaningful study with regard to existing practices in the human resources planning and development systems, prevailing in the public sector enterprises in Kerala. Therefore, the study is interpretative, inferential and even pejorative at places.

2.7.1.3   It may appear at times that the dis-
cussions on certain topics in the disseration refer too
much to the theoretical aspects, basing oneself on the work
done elsewhere.   Such a criticism would be well founded.
But, this is on account of the fact that the researcher
could find no evidence that the principle involved is
being practised at all in the units under study.   The
researcher, in such situations, found himself helpless
to discuss and evaluate the practises followed in the
public sector undertakings in the State.   The reporting
necessarily had to be limited to the theoretical aspects,
with very little discussion on the prevalent practices
in the units under study and their evaluation.

2.7.1.4   However it is felt that the results of
the study would be useful in indicating the nature of the
problem as it affects public sector enterprises at the
present stage of the development of our economy and also
to indicate the broad lines of changes in policy that are
necessary to solve the problems facing them.   To the best
of the knowledge of the researcher no such study has been
undertaken so far with reference to the State's public
sector undertaking.

2.8.0   SCHEME OF DISSERTATION.

2.8.1.   The dissertation is divided into
six chapters.   Chapter one is the introduction.   It
addresses itself to the statement of the problem, and
its significance.

2.8.1.1   The second chapter is about the scope,
methodology and limitations of the study.   The literature
survey also is covered in this chapter.

2.8.1.2   The third chapter highlights the
significance of manpower planning in the successful and
effective management of public sector undertakings.   The
chapter analyses in an objective and scientific manner the
various approaches, tools, techniques and strategeics of
manpower planning in public sector undertakings in Kerala.

2.8.1.3   The fourth chapter deals with the
recruitment and selection of managers.

2.8.1.4   Chapter five deals with management
training as it is practised in the different public sector
units.

2.8.1.4   The sixth chapter presents the con-
clusions and recommendations of the study.

CHAPTER III

MANPOWER PLANNING

3.1.0 INTRODUCTION

3.1.1 Manpower planning is the first step in any effective personnel programme. It involves predicting future human resource needs and planning the steps necessary to meet these needs. Effective human resources planning is a process of analysing an organisation's human resources needs under changing conditions and developing activities necessary to satisfy these needs. Essentially, it is a method for determining future manpower requirements and developing action plans for meeting them. Manpower planning is part of a firm's total resource planning. It influences and is influenced by the firm's business plans, interacts with organization plans, and contributes to business decisions concerning, for example, the development of new products, markets, facilities, or production processes and mergers and acquisitions.

3.1.1.1 The importance of managerial skill and knowledge and the investment in human capital have become

widely recognized as a necessary pre-requisite to nonhuman
capital investment. The problem of the generation and
accumulation of managerial resources is similar to that of
capital formation. A nation's economic development may
be limited by a relative shortage of this critical factor
or may be accelerated significantly by a high capacity to
accumulate it.[1] Correspondingly, an organization's ability
to attain its objectives and develop in planned ways are
dependent upon its managerial resources.

3.1.2 Economists have long been aware of the
importance of human resource development. Adam Smith,
Alfred Marshall, Irving Fisher, Simon Kuznets, Theodore W.
Schultz and many others have stressed the importance of
the development of human resources in their writings.[2]

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[1]Harbison and Myers, Management in the Industrial
World, op.cit. p.19

[2]Smith, Adam, An Enquiry into the nature and
Causes of Wealth of Nations (Cannan ed.) (London, 1937)
p.533; Marshall, Alfred, Principles of Economics (8th edn)
(London, 1930) pp.216-256; Fisher, Irving, The Nature of
Capital and Income (New York, 1937) p.38; Kuznets, Simon,
Quantitative Aspects of Economic Growth of Nations, Economic
Development and Cultural Change (Chicago, 1957) p.77;
Schultz, W. Theodore, "Investment in Human Capital", Ameri-
can Economic Review, (Vol LI, No.1, 1961) p.3.

Human capital is broadly defined as the "sum total of the knowledge, skills and aptitudes of the people, inhabiting the country. In a broader sense, it includes the initiative, resourcefulness, capacity for sustained work, right values, interests and attitudes and other human qualities conducive to higher output and accelerated economic growth".[3]

3.1.3   Human resources are still the most important, complex and expensive resource in an organisation even in the context of increased mechanisation, automation and assemblyline techniques of production. But yet, this has not received the attention that it deserves in actual management practices. This, for example, is evident in the traditional accounting practices of business organizations. Physical resources such as plant and machinery and financial resources such as cash are given a place in the conventional accounting system, but human resource accounting is conspicuous by its absence. It is neither included among assets nor given any place in the balance sheet.

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[3]Schultz, W. Theodore, Capital in the American Economy: Its Formation and Financing (Princeton, 1961) p. 78.

3.1.4   It is important to bear in mind that
the returns on investments in human resources have certain
distinctive characteristics.   Unlike other investments,
these do not depreciate during their utilization.   On the
contrary, the more it is put to use the higher its income
yielding capacity.   The return on investment is also spread
over a much longer period of the working life span of an
individual.   At the same time, the human capital, tends
to deteriorate and become obsolete at a faster rate than
many other types of physical capital, if it remains idle
or unutilised.   The indirect and multiplier effects of
investments on human resources are more widespread and far
reaching than investments in other resources.   Generally,
the decisions for investment in human resources are not
exclusively governed by the rate of return criterion.
Further, larger investments in human resources, by providing
equality of opportunities, tend to bring about a better
distribution of wealth and income among individuals and
families and therefore, are considered socially desirable.
The investment in human resources is not merely a means
to an end, but also an end in itself--enabling mankind to
live fully the 'good and abundant life' which is both its
innate urge and longing.[4]

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[4]Mehta, M.M., Human Resources Development
Planning, (Delhi, 1976) p.7.

3.1.5   The most important single feature
distinguishing human capital from physical capital, however,
is that control over the human capital remains vested in the
individual embodying the capital, regardless of the source
of investment.   A related concept of relevance to education
and society is that of intellectual or knowledge capital,
which once created is a free good in the sense that its use
by one individual does not diminish its availability to
others.   Intellectual capital is both a part and a product
of investment in human capital and an important input in the
production of new physical capital through technological
change.   Thus the concept of human capital involves a
whole set of interacting factors that operate to produce
a multiplier effect on the growth process.[5]   Manpower
planning--now broadly termed 'human resource planning'--
has became widely established as a staff function in major
business and government organisations.   The term human
resource planning implied a concern with broader issues
than merely trying to balance supply and demand or of pro-
jecting quantitative estimates.   The term has shifted

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[5]Huq Muhammad, Shamsul, Education, Manpower and
Development in South and Southeast Asia (New Delhi, 1976)
pp.67-68.

attention from these more narrowly conceived parts of the process to a more comprehensive view of personnel as both needs forecasting and programme planning. The term human resource also had the advantage of minimizing the existing implications of manpower and of emphasising the positive aspects of personnel as a basic corporate resource.

3.2.0 PROBLEMS OF DEFINITION

3.2.1 The term manpower planning is often used with a variety of meanings. The definitional problem has became more complex by the use of such related words as human resources management, manpower administration, human resources planning, manpower management and other variations on the same theme. And finally, some observers contend that manpower planning is nothing more than a synonym for a more enlightened style of personnel management.

3.2.1.1 According to Geisler, manpower planning is the process --including forecasting, developing and controlling--by which a firm ensures that it has the right number of people at the right places at the right time doing work for which they are economically most

useful.[6]   It is, therefore, a two phased process by which

the organization anticipates the future through manpower

projections and then develops and implements manpower

action plans and programmes to accommodate the implications

of the projections.   This conception, which repeats the

word 'right' several times, may seem to be the begging

question;   However what constitutes 'right' in each inst-

ance can be supplied when the objectives of management

have been specified and the supporting analtyical work

for implementing these objectives has been carried out.

In another sense, the norms which define what is right may

be viewed as comprising the organisation's manpower policy.

To the extent an organisation lacks explicit norms and has

expedient shifting norms, it has no stated or generally

believed convictions about human resources and their utili-

sation, or has norms which are ignored in practice, that

organisation may be said to lack or have an ineffective

manpower policy, as the case may be.

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[6]Geisler, Edwin, Manpower Planning: AnEmerging
Staff Function, (New York, 1967);   The original version
of this statement is commonly ascribed to Tom Porter from
Standard Oil of Indiana. Probably the first reference to
this concept to appear in the literature was of Vetter,
Eric W., "The Nature of Long-Range Manpower Planning",
Management of Personnel Quarterly (Vol.III, No.2   1964)
pp.20-27.

3.2.1.2 Secondly, manpower planning is con-
sidered to be the same as personnel planning, that is, the
planning carried out by the staff or personnel department
as different from other administrative work. Manpower
planning ranges over all activities of the department,
including recruitment, selection, placement, training,
education, wage and salary administration, labour welfare,
industrial relations and the like. This view obviously
is considerably broader than viewing manpower planning as
programming the staffing of the organization.

3.3.0 FUNCTIONS OF MANPOWER PLANNING

3.3.1 Manpower planning may be viewed as
serving two broad yet interrelated functions. First,
manpower planning represents an attempt to prepare for the
future. Secondly, manpower planning provides the know-
ledge about present resources that an organization must
have in order to adapt adequately to sudden changes in such
factors as technological advances, new markets, political
and economic pressures, etc. Manpower planning in
other words provides the background information which is
necessary to deal effectively with such factors.[7]

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[7]Hinriches, John R., <u>High Talent Personnel</u>
(New York: 1966) p.43.

3.3.1.1   Manpower planning is the system which
ensures availability of men in terms of quality and quan-
tity as and when they are required over a period of time.
There are organizations which have worked out their man-
power requirements ranging from a period of three years to
ten to fifteen years.   Manpower planning is the first
and most important step to be taken with regard to the
effective utilization of human resources.   Public sector
undertakings generally tend to give some attention to the
planning required for financial resources, raising of funds,
their mobilisation, return on capital, etc., but the human
aspect is mostly taken for granted or neglected.   The
system of manpower planning would lead to better selection
of people and effective job assignment.   It would also
enable management to review performance of its employees.
It would help in matters like transfers and promotions and
in organising proper training activities.

3.3.1.2   Manpower planning thus makes for
different purposes at different levels.[8]   At the national
level, manpower planning by government covers population

[8]Narayana Rao, V.S.,"Manpower Planning in
Companies", Indian Management, (Vol XIX, No.12, 1971)
pp.17-31.

projections, for programmes of economic development,
development of educational facilities, planning for occu-
pational distribution and growth and providing for indus-
trial and geographical mobility of personnel. Sectorwise,
itwould cover manpower needs of the agricultural, indust-
rial and service sectors. Industrywise, it would cover
manpower forecast for specific industries, such as textiles,
engineering, plantation, etc. Individual unit-based man-
power planning has as its purpose to meet the specific
manpower needs of the particular enterprise for the dif-
ferent types of jobs and the skills needed for them.

3.3.1.3   Similar are the problems confronted
with at the other macrolevels of sectorwise and industrywise
manpower planning. Only the dimensions are different.
The success of such efforts depend upon the rigour with
which sectorwise and industrywise planning is done and the
extent of details that is gone into in such planning and
then linking them with projections of manpower needs.

3.4.0   MANPOWER PLANNING AT THE NATIONAL LEVEL

3.4.1   At the level of the national economy,
manpower planning signifies the process of planning in
general to the preparation and employment of people for
productive purpose.   "A national manpower plan is not just
a simple summation of all the individual plans in the

country, and the planning methods are different from
those of private enterprise".[9]   Since the end of World
War II, the development of active manpower policies in
both industrial and developing countries has created a
demand for advance information about manpower changes.
In the underdeveloped countries, which have, in general,
an oversupply of unskilled labour and acute shortages of
highly trained and educated manpower, the emphasis has
been on the supply of high and middle level quality man-
power.   As one writer has pointed out, "Countries are
underdeveloped because most of their people are under-
developed, having had no opportunity of expanding their
potential capacities in the service of society".[16]   This
is why Harbison and Myers point out that "if a country is
unable to develop its human resources, it cannot develop
much else, whether it be a modern political and social
structure, a sense of national unity, or higher standards
of material welfare"[11].   The developing countries which

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[9]Gray, Daniel, H., Manpower Planning (London,
1966) p.44.

[10]Carle, Adam, "Some Aspects of Educational
Planning in Underdeveloped Areas", Harvard Business Review
(Vol.XXXII, No.3, 1962) p.300.

[11]Harbison, Frederic and Myers, Charles A.,
Education, Manpower and Economic Growth op.cit.   p.13

are anxious to evolve, on the one hand, a balanced, effective and rational approach to the problem of human resources planning, have to plan on the other hand to evolve a bold, well conceived and well designed strategy for better organization, fuller development and more efficient utilisation of the human resources in the country.[12]

3.4.2   In India, the basic problem at the present stage of her economic development is the utilization of available educated and trained manpower.   In fact, manpower planning in India has been previously confined to various categories of vocationally and professionally trained manpower.   The inadequacies of manpower planning when applied to industrial and agricultural sectors have been attributed by an Indian Institute of Applied Manpower Research study _inter_ _alia_ to lack of sufficiently detailed data about trained personnel and their placement possibilities.[13]   There is, however, no difference of opinion relating to the view that the national wealth of India can be better produced and distributed when trained personnel

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[12]Mehta. M.M., Human Resources Development Planning _op.cit._ p.vii.

[13]Institute of Applied Manpower Research, Forecasting Manpower Demand and Supply - A Review of Methodology (New Delhi: 1972) pp.18-19.

possessing improved knowledge and skills entering the labour

market are fully absorbed into productive employment. It

is also well-known that there has been till now no adequate

nexus between educational planning and manpower planning

in India. From the point of view of manpower policy there

is pressing need to dovetail education and training with

labour market requirements.[14] It is only through such a

process that the investment in education and the training

of manpower could be utilised in a productive manner. This

may be regarded as one of the most important guidelines to

manpower planning in future[15]. It has thus been pointed

out that "from the standpoint of development planning, it

is important to identify the stage at which the manpower

planning is integrated with economic planning on the one

side and educational planning on the other".[16]

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[14]Parnes, H.S., Forecasting Educational Needs
of Economic and Social Development (Paris: 1972) p.11.

[15]OECD, Manpower Forecasting in Educational
Planning, (Paris: 1967) p.28

[16]Nair, B.N., "An Approach to Manpower Planning
in the Context of the Need for Employment Generation in
India", Manpower Journal, (Vol. XI, No.2, (1975) p.43.

3.4.3   The dimensions of manpower planning in
India can be visualised when one is confronted with the
sheer numbers involved.   One of the assumptions usually
made in a developing country like India with its abundance
of labour is that there is a large amount of trained man-
power available for any specific skill requirements.   This
is by and large a misconception.   Specific skills, and in
many cases, professionals are hard to come by as technology
becomes more complex and the demand for skilled manpower
increases.   This misconception regarding the easy availa-
bility of specific skills is a dangerous one as it is lik
to be misleading when planning for technological changes,
expansion or diversification.

3.4.4   Manpower Planning at the Firm Level

Manpower planning, at the firm level, attempts to identify
on the one hand, the future manpower needs of the company,
and, on the other, the way in which these can be met.   A
business organization does not deliberately create job
opportunities as this is not one of its objectives.   Jobs
are customarily created as a part of the task specialization
process.   As Wendell French points out, "in general, this
process may be conceptualised as follows: (i) determination
of the organizational objectives; (ii) organizational plan-
ning, including organisation and job design based on the

tools, machines and systems technology to be used in
achieving enterprise objectives; (iii) development of
job or position descriptions reflecting the resulting tasks
to be performed; (iv) determination of the qualifications
required for these jobs; (v) development of performance
standards for each job; and (vi) establishment of work
rules. There is considerable reciprocal interdependence
between the component parts of the process, although each
tends to stem from the preceding"[17].

3.5.0 UTILITY OF MANPOWER PLANNING

3.5.1 One of the fundamental objectives of a
manpower plan for a manager is its utility as a planning
and control technique. A manpower plan, if it is syste-
matically done, enables a manager to predict his manpower
requirements, to determine the number of manpower deployed
and to control the wage and salary costs.

3.5.1.1 A manpower plan is necessary for
management to get information about the manner in which
existing personnel are deployed to assess the kind of skills
required for the various categories of jobs, and to estimate

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[17]French Wendell, The Personnel Management Pro-
cess (Boston, 1964) pp.71-72.

manpower requirements over a specified time period in relation to the organization's goals. It would also give an indication of the lead time that is available to select and train the required additional manpower.

3.5.1.2   The purpose of having a manpower plan, either in the short run or in the long run, is to have an accurate estimate of the number of employees required, with matching skills requirements to accomplish organization goals.   By keeping an inventory of existing personnel in an enterprise by skill, level of training, educational qualifications, work experience and salary etc., it will be possible to utilize the existing resources more productively in relation to job requirements before further manpower additions are made, thus decreasing wage and salary costs and helping to build up morale in the organization among its employees.

3.6.0   UTILITY OF MANPOWER PLAN AT CORPORATE LEVEL.

3.6.1   Thomas Patten has pointed out that at the corporate level, the manpower planning and development activity involves the following:[18]   First, it should develop corporate policy on education, training, and deve-

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[18]Patten Jr., Thomas, Manpower Planning and the Development of Human Resources, op.cit., p.215

developmental programmes.   Second, it should set stand-
ards for these activities throughout the organization.
Standards would be established so that optimal learning
takes place in an environment favourable to the development
of people under the most economical circumstances.   Third,
the headquarters staff should provide advice within the
organization to those who inquire about educational training
and the developmental resources that are available both
inside and outside the organization.   Fourth, this staff
should provide information on develpmental activities
carried on inside the organisation to those located in
remote areas who wish such knowledge.   Fifth, the staff
should keep top management advised regarding developmental
activities within the organization and do the necessary
staff work for the top management manpower planning and
development committee.   Lastly, the headquarters staff
should conduct research on new programmes and techniques
in development and experiment with new programmes and
techniques.

3.6.2   But, it has been pointed out that
"to be of practical use, manpower planning must go beyond
the numerical and demographic, and take in the sensitive
areas of providing both key personnel and the conditions
needed to attract, and to retain, their willing cooperation.

The general point is this: manpower planning cannot effe-
ctively be confined to estimates of the probable nature and
range of future personnel requirements.   It must also take
into account the opportunities and constraints which lie
between the present situation and what is likely to be the
desired state of affairs at a specified phase of future time.
It must design and plan for management of this process and
it is best thought of as a regularly revised plan, with
both educative and analytic aspects, to monitor and foster
a complex process of organizational change"[19].

3.6.3   In every complex organization, manpower
planning needs to be systematic in order that continuous and
proper staffing can be assured.   Manpower planning obvi-
ously must be integrated with overall organization plans
pertaining to sales and production, the purchase and use of
equipments, research and engineering, the financial situ-
ation of the organization, the planning of physical faci-
lities.   As Wendell French points out, manpower planning

[19]Wilson, A.T.M., "Basic Assumptions in Man-
power Planning", in Bartholomew, D.J. (ed) Manpower Plan-
ning, (London: 1976) p.51.

must be continuous on both a sub-unit and total organi-
zational basis, with a central planning group assembling
the overall information and coordinating the manpower plan.[20]

3.7.0   MANPOWER PLANNING AND CORPORATE PLANNING

3.7.1   Manpower planning is an essential part
of overall corporate planning. It cannot be successfully
developed as a completely separate or parallel activity.
For one thing, all the components of a corporate plan are
of necessity related to the organization's situation, stra-
tegy, objections and technology. All are concerned with
the same future environment, although they focus on differ-
ent aspects of it.

3.7.1.1   Since World War II, throughout the
modern developed countries higher-level, longer-range
planning has come on strong in business. An increasing
number of the larger firms in developed countries have
formal long-range planning units. This change has come
about because, by and large, the planners have been win-
ners and the non planners have been losers in the compet-
itive struggle.[21]   This is because planned action is

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[20]French, Wendell, The Personnel Management
Process, op.cit. pp.114-115.

[21]One research study that makes this link is
Young, Robert, B, "Keys to Corporate Growth", Harvard

generally more effective than unplanned action. The
management team that has carefully developed its objectives
is able to direct its members' efforts on the "success
imperatives" needed to achieve those objectives avoiding
diversions that may temporaily appear attractive. More
important the firm that plans and measures its progress
against those plans will learn from its experiences, inclu-
ding its mistakes. The non-planner does not get this
opportunity to learn. The organization that plans, espe-
cially if there is meaningful participation by various
levels of managers in that planning, tends to develop a
climate of strength. It attracts and holds managers who
are professionals, that is, persons who have acquired the
confidence and planning skills needed to stay in command
of events rather than be their victims.[22]

3.7.1.2 Defining long-range planning generi-
cally, Steiner states, "the implication of long-range plan-
ning is that current decisions to do something are made in

Business Review, (Vol.XXXI, No.6, 1961)pp.28-37. Also
Thune S. and House R. "Where Long-Range Planning Pays Off",
Business Horizons, (Vol. XIII,No. 4, 1970) pp.81-87.and
Herold David M., "Long-Range Planning and Organizational
Performance: A Cross Valuation Study", Journal of the Aca-
demy of Management,(Vol XV No.1,1972) pp.48-67.

[22]Buckele, Robert B., The Management of Business
and Public Organizations, (New York: 1977) p.99.

the light of their future consequences. . . . Long-range
planning begins with the specifications of basic purposes
and develops objectives and concrete targets and goals to
form a network of aims".[23] According to Peter Drucker,
"it is the continuous process of making present entrepre-
neurial (risk-taking) decisions systematically and with
the best possible knowledge of futurity, organizing syste-
matically the efforts needed to carry out these decisions
and measuring the results of these decisions against the
expectations through organized systematic feedback".[24]

3.7.1.3   Even in advanced countries, not all
companies realise that planning in the area of personnel
must be related to the total corporate planning effort.
Some business firms have attempted to plan manpower without
setting corporate objective or doing any strategic planning.

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[23]Steiner, George, "The Nature and Significance
of Multinational Corporate Planning", Multinational Corpo-
rate Planning, Steiner G.A. and Cannon W.M. (eds) (New
York: 1966) p.9.

[24]Drucker, Peter F. "Long-Range Planning,
Challenge to Management Science", Management Science,
(Vol. V, No.7 1959) pp.238-249.

David Hussey says, "Effective personnel planning cannot take
place in an environment where the long-range plans are kept
a secret from the personnel manager, and when he has to
glean scraps of information about future plans from infor-
mal sources, without being given access as a right."[25] How-
ever, of all the aspects of long range planning there are
probably none of greater importance, nor more frequently
ignored than those of planning for organizational structure
and for manpower. A major reason for the incompetence of
much contemporary manpower planning is the fact that it is
not closely integrated organisationally with the overall
planning of the firm. Put simply, practising managers do
not know how to do it. This condition is somewhat easy to
explain since planning is new, and manpower planning is
the newest of all forms of planning.[26] However, there is
evidence to suggest that pacesetting firms have been able to
surmount some of the problems involved in fitting manpower
planning into the mosaic of corporate planning.[27]

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[25]Hussey David, E., Corporate Planning: Theory
and Practice, (Oxford: 1974) p.181.

[26]Patten, Thomas, Jr., Manpower Planning and
the Development of Human Resources, op.cit. p.38

[27]See Steiner, George A., (ed) Managerial Long-
Range Planning, (New York: 1963). In this book some nine-
teen pacesetting corporations and government organizations
discuss their approach to Corporate Planning.

3.8.0 MANPOWER PLANNING AND ORGANIZATIONAL PLANNING

3.8.1 "Manpower Planning and organizational planning are complementary activities and it is difficult to define where one begins and other finishes. Certainly it is almost impossible to forecast manpower requirements unless organizational plans have been prepared. Effective manpower planning also leads to recruitment and training plans which in turn are linked with career planning and to the company's personnel policies."[28] In any organization which has been in existence for any length of time, there will be an established relationships between the nature, tasks, and objectives of the organization on the one hand, and the structure and numbers of its management force on the other. The first can be described or analysed in terms of organizational components, and the second classified into various kinds of managerial posts each identified as belonging to particular organizational components and put into the form of statistical tables. This will provide a starting point for a forecast of future demands.

3.8.1.1 It has often been thought that manpower planning was simply a statistical technique in which rates

[28]Hussey, David, E., Corporate Planning: Theory and Practice, op.cit., p.183.

of wastage and rates of transference and promotion are in-
corporated into a numerical, and predictions made about
required rates of recruitment. Thus, an idea of the basic
supply and demand equation can be established which is
very necessary to the establishment of a corporate plan.
However, particularly in the area of management, it soon
becomes clear that it is very much more than this. Empha-
sis must be placed on the structure of organization, esta-
blishment of its objectives and the resource planning nece-
ssary to the achievement of those objectives. So it is
imperative that any plan should have its roots in the
organizational analysis - the review of the development of
the strategy and structure of the firm.

3.8.1.2   There have been several noteworthy
attempts to produce a structured framework and rationale
of business development, its character and its phases.
Chandler, based on historical studies brings about the inter-
action between strategy, resource accumulation, and stru-
cture.[29]   Lippitt and Schmidt have concentrated on the
managerial task, skills and styles as well as the organi-

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[29]Chandler, Alfred, D., Strategy and Structure,
(Massachusetts, 1961) p.211.

sational systems which are appropriate to the various stages

of development of business.[30]   Woodward and her colleag-

ues have built up studies which relate to the organizational

characteristics of varying type of technology to appropri-

ate product markets, managerial skills, and control sys-

tems.[31]   Lawrence and Lorch have carried out studies

which show how according to varying market conditions,

an efficient firm will either be able to delegate import-

ant operating decisions down the line.[32]

3.9.0 DISTINCTION BETWEEN MANPOWER PLANNING AND ORGANIZATIONAL PLANNING

3.9.1   Obviously, there is very close connect-

ion between organizational planning and manpower planning.

There are reportedly some firms which have identified man-

power planning with organizational planning and, in fact,

consider organizational planning as identical with manpower

planning.   There are still other organizations where

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[30]Lippit G.L. and Schmidt, "Crises in Develop-
ing Organizations", Harvard Business Review, (Vol. XLV,
No.6, 1967) p.77.

[31]Woodward, J., Industrial Organization: Theory
and Practice, (London: 1965) p.17.

[32]Lawrence, Paul R., Lorsch J.W., Organization
and Environment: Managing Differentiation and Integration,
(Homewood: 1967) p.187.

organizational planning and management development have been crossbred for forming a new hybrid called "organizational development".[33]   This shows the close relationship of the two types of planning.   But it is always useful to keep them conceptually distinct, though the distinction is a subtle one.   Manpower planning is specifically concerned not with the structure of future positions, but with the people who will be occupying those positions.   On the other hand organizational planning, refers to analysing the present organisation and making plans for the design of the future organization to achieve the objectives of the enterprise.

3.10.0   MANPOWER PLANNING AND CAREER PLANNING

3.10.1   A career is one of the most fundamental transactions between the individual and the organization. Unlike other work contracts which are explicit, career contracts are typically implicit and vague and certainly changing over time.   It is ironic that what is most precious to many individuals in so far as work is concerned - their career - is not given the same attention by organizations as to many other less important questions.

[33]Bennis Warren, G., Organisation Development, (Reading: 1969) p.48.

3.10.2   The value of career planning depends on the ways in which it is able to serve an organization and its constituents.   The fundamental rationale of career planning is that it helps to pinpoint the role of an employee, bringing out alternatives where none seemed to exist before, equip a person to plan his career or plan it better than he did before.   In this way, it promotes a better commitment to career performance and superior utilisation of personnel talent.

3.11.0   MANPOWER PLANNING AND BUDGETING

3.11.1   There is always a need for linking the manpower planning with the budgeting system of a concern. It is necessary because manpower forms a part of cost. But in Kerala, public sector concerns never attempted seriously to incorporate the manpower aspects in the budget. This will help the firm to plan the expenditure and thereby control costs which will help to realise the organizational goals.

>". . . Manpower planning has to be integrated
> with the budgeting processes in an undertaking.
> A good organisation would require budgets not
> only with regard to the quantity and quality of
> items to be produced, materials to be secured,
> and finances to be arranged, but also with
> regard to the manpower to be employed in each

operation. It is desirable that every
manager is asked to submit annually his
proposed budget for the manpower he requires
to carry through the tasks assigned to him.
It is only in this way that in the preparation
of an integrated budget, the cost of manpower
and the problems in securing trained personnel
can be properly highlighted and controlled.
It is obvious that unless the budgetary
control system exists in an organisation even
in a rudimentary form, manpower planning will
not get much attention. Hence the necessity
to ensure that every undertaking, in which the
Government has a measure of control, intro-
duces the budgetary control system as an essen-
tial part of the management process."[34]

3.12.0   THE PROCESS OF MANPOWER PLANNING

3.12.1   Manpower planning can be subdivided
into three broad categories of activity, each requiring
a slightly different method of analysis.   Firstly, the
assessment of future requirements for labour, secondly,
the assessment of the firm's likely ability to retain the
labour it has at present, and the calculations of the
optimum rates of replacement of the employees.   Also,

[34]Government of Kerala, Report of the Committee
on Management Development of Public Enterprises in Kerala,
op.cit. pp.6-7.

as the case may be, its ability not to retain its labour
if future requirements are likely to be less than the
present ones.   Thirdly, the prediction of the firm's
likely ability to attract or acquire different types of
personnel.   These three areas are related in that future
requirements coupled with labour retention power determine
the size and make-up of the retained labour force; they also
indicate the amount of labour which needs to be recruited
for the future labour force.   If acquisition ability is
also included, this gives the details of the labour that
can be acquired, which in turn provides the details of the
size, type and sources of the future labour force.[35]

3.12.2.   Manpower Planning and Information System.

An effective manpower information system must
be part and parcel of the manpower planning process.
Ideally, every scrap of information that relates to manpower
should be collected.   However, the prohibitive cost of
this operation would detract firms from such an exercise.
One has therefore to rely on selective information and this
will depend on the situational needs of each organisation.

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[35]Bowey Angela, A Guide to Manpower Planning,
(London: 1974) p.4.

Every organization has its own special needs and peculi-
arities. In designing the information system, the manpower
planner could emphasise those areas where relevant infor-
mation is available, rather than labour with details. The
information should help the manpower planner to realise his
goal of planning for an efficient use of manpower, and for
a satisfactory matching of the available supply of labour
with the firm's manpower requirements.

3.12.2.1   Manpower in an organization consists
of various categories of employees with different levels
of skills.   A forecast of manpower requirements in general
would, therefore, be difficult to make and it would be of
little help to management in planning for the supply of dif-
ferent categories of employees with different levels of
skills for different types of jobs.   Therefore while
evaluating existing manpower, it is necessary to classify
employees in each of the forecasting units on the basis of
distinct occupations or skills.   Further, employees in
different categories may be classified according to rank or
levels of skills.   This classification could be on the
basis of job description derived from job analysis.

3.12.2.2   The business plan must be a blueprint
of desired objectives.   These objectives, stated in economic

terms, would incorporate the growth rate of the company, diversification plans, market opportunities and Government policies.

> ". . . In making projection of manpower require-
> ments, selecting the predictor--the business
> factor to which manpower needs will be related--
> is the critical first step. Selecting the
> right predictor in relation to the business is
> a difficult process. To be useful, the pre-
> dictor should meet two requirements. First,
> it should be directly related to the essential
> nature of the business so that business planning
> is done in terms of the factor. The second
> requirement is that changes in the selected
> factor be proportional to changes in the man-
> power required in the business."[36]

In some cases it might even be necessary to relate to more than one factor, for example, production workers to one factor, management to another and sales force to a third.

3.12.3 Utility of Manpower Information System.

Manpower planning involves the analysis of a wide variety of data and information. In the determination of manpower requirements, there are two types of information approaches.

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[36]Wikstrom, W.S., Manpower Planning: Evolving Systems: Conference Board Report No.521 (New York:1971) p.8.

First, we can specify the characteristics that we want to have in each system. The second approach is that of the general purpose system. In most applications of such a system, we have a requirement to maintain a file of information, to enter new information into that file, to remove old information, to select records from files, to extract information from these records, to process this information, and to provide reports. The result of a general purpose system is to provide management with information so that it is better able to manage the organization. Whether it is called a "manpower information system," a "personnel register," or a "skills inventory", the general purpose system generally has the same objective, viz., to consolidate information about the organization's manpower resources into a flexible format which can serve a variety of needs.

3.12.3.1 There are at least five important organizational needs which can be met by such a system. First, the system should make possible a continuing census of the organization's skill resources in a framework suitable for manpower planning and projections. Second, the inventory should be a source of information for calculating and evaluating manpower trend data over a period of time. Turnover rates, accession rates, and rates of skill

development and upgrading should be available as a base

for manpower planning and projections and for other ana-

lyses and reports as well. Third, the skills inventory

should serve as a manpower search and placement function.

Readily accessible and detailed data sbout present emplo

yees' backgrounds and capabilities should lead to better

selection of people to fill up vacancies as they occur.

The availability of this kind of information should also

assure that no potential candidates are overlooked for

promotion or for optimum manpower utilisation. Fourth,

the inventory should serve an important audit function and

thus promote better manpower management throughtout an

organization. Fifth, a properly designed skills inventory

should be sufficiently flexible to serve as a source of

information for manpower research purposes. It can pro-

vide a base for studies of selection, of the factors contri-

buting to or blocking career success and mobility, and for

evaluations of staffing standards and ratios.[37]

3.13.0   JOB ANALYSIS

3.13.1   The first step in the definition of

manpower requirements is job analysis. A job is a

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[37]Hinrichs, John R., High Talent Personnel,
op.cit., pp.61-62.

collection of tasks, duties, and responsibilities which, as a whole, is regarded as the established assignment to individual employees. A job may include many positions, for a position is a job performed by and hence related to a particular employee. Job analysis is the process by which data in regard to each job is systematically observed and noted. It provides information about the nature of the job and the characteristics of qualifications that are desirable in the job holder. The job analyst's skills are in extracting correct information, organising that material in logical order and presenting it in understandable and usable form. But with all the information that is available, it is not easy to have a perfect job description of an executive or manager. For managerial job is so complex that it will differ according to situations.

3.13.2 The_Job_of_the_Manager. Managers do many things and play many roles. One recent listing claims that there are ten primary types of managerial activities--three interpersonal, three informational and four decisional. In his interpersonal roles, the manager acts as a figurehead--the formal representative of his organisation--as a liaison officer for managers and others outside his own organization, and as the leader of his organization, with all that it may imply. In his informational activities, he is a monitor receiving and

collecting information, a disseminator diffusing this information through his organization and a spokesman transmitting organizational information into the environment. In his role as decision maker, he is an entrepreneur who initiates change, a disturbance handler who resolves conflict when the organization is threatened, a resource allocator who decides where the organization will spend its efforts, and a negotiator on behalf of the organization.[38]

3.13.2.1   Much research is being undertaken for the purpose of improving the various aspects of executive jobs.   In his investigation of ninety-three executive positions in a number of large companies, Hemphill derived ten dimensions of managerial work against which to measure the content of the job.   Briefly described, the dimensions refer to:

1. Staff services rendered to superiors;
2. Supervision of the work of others;
3. Activities associated with internal business controls;
4. Activities having to do with products, markets and customers;
5. Effectiveness in human, community and social relations;
6. Long-range thinking and planning in all areas of the company's business;

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[38]Mintzberg, Henry, The Nature of Managerial Work, (New York: 1973) p.93.

7. The exercise of broad power and authority;
8. Responsibility for the reputation of the company's products or services;
9. A sense of propriety in personal behaviour;
10. Activities concerned with the preservation of the company's assets, both physical and financial.[39]

These common denominators, scored either high or low in importance, result in a job definition that will, among its other applications, help to identify potential management ability.

3.13.3 Job Analysis and Job Specification.

The job specification does not exist in isolation. The job, the job environment, the salary that would be appropriate and finally, the right man for the job are all inter-related parts of the whole recruitment and selection process. Executive abilities and capabilities do not exist by themselves, but in relation to the organisational environment in which they function. There is a clear relationship between the nature of organization and the types of executives needed to man them. Typical job analysis, because they neglect organisational environment - past, present and future - are of limited value for administrative positions. Often typical job analysis are too superficial in describing executive work. "A job

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[39]Hemphill, John K., "Job Descriptions for Executives", Harvard Business Review (Vol. XXXVII, No.5, 1959) p.55.

description is not intended to catalogue all duties
involved with the result that an employee would feel
justified in declining to perform any work not included
in the description.   It should be regarded as an outline
of the minimum requirements of the job, thus preserving
flexibility of operations."[40]   Very often, companies
state only the job title, with little description of the
content.   This may not communicate much to a potential
applicant, and the company might lose some good applicants.
Further, it often generates many unsuitable applications.
Hence job description must be specific.   The more speci-
fic the job content, the easier it is to operationalise
and translate them into specific tools and techniques of
selection.

    3.13.3.1   Dissatisfied with the somewhat simple
and sterile nature of existing job descriptions that high-
light formal duties, various critics have suggested that
job analysis should be extended to include role analysis.
The concept of role is broader than that of job. A role
would consist of total pattern of expected behaviour,
interactions and sentiments for an individual holding an

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[40]British Institute of Management, Job Evaluation:
A Practical Guide to Managers (London: 1970) p.7.

assigned job. Mere listing of official duties will not
necessarily reveal the behavioural expectations of the
multiple and various groups that impinge upon the job
incumbent. "Role analysis of personnel holding boundary-
spanning jobs provides a good example of its potential
value in the making of personnel decisions. A boundary-
spanning job is one whose incumbent is commissioned to deal
with some significant element of outer environment."[41] "No
job evaluation programme, however well planned, developed
and installed, will be successful unless it has the active
support and participation of top management. A rubber
stamp approval is not sufficient. Management must under-
stand the purpose of job evaluation and how it functions.
Job evaluation – no matter how simple – also requires the
training and participation of operating management."[42]

3.14.0   TECHNIQUES OF MANPOWER PLANNING

3.14.1   Management faces a dearth of good
quantitative approaches to the manpower planning problem.

[41]Organ, Dennis, W. "Linking Pin Between Organi-
sations and Environment", Business Horizons, (Vol.XIV,No.6,
1971) pp.73-80.

[42]Lentz, Bruce A., "A Job Evaluation" in Maynard
H.B. (ed) Hand Book of Business Administration, (New York:
1972) p.323.

Existing approaches such as Manning tables, Audit of Key positions, Delphi Technique, Modelling and Multiple Predictive Technique, Trend Projection, Management Manpower Inventory Analysis, Replacement Charts etc. tend to be too restrictive in their model formulations and require excessive computation. Management science research has been concentrated on model formulation in terms of mathematical optimization techniques, rather than on developing non-optimizing heuristic approaches. Progress in these areas may shorten the gap between published management science approaches and industrial applications.[43]

3.14.1.2 Manpower planning in terms of quantity tells little about forecasting the company's needs in terms of quality. Since a company's survival depends on the decisions and actions of those who direct its affairs, any plan to select executives must consist of more than quantitative requirements. Establishing the qualitative requirements of executives calls for analysing the work they would be expected to perform, just as is done with the lower level mechanical and clerical jobs. But executive positions, so important in their effect on company operations, are in large measure intangible in their functioning. The

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[43]Colley Jr., John L., Landel, Robert, D and Fair, Robert R, _Production, Operations and Control: Text and Cases_, (San Francisco: 1977) p.416.

process of spelling out the complexity of their duties, their responsibilities, and concomitant personal requirements raises a staggering number of considerations. Yet if the ideal man is to be found for the job, a definite knowledge of the requirements of the position is necessary. As a preselection device, each administrative position should be analysed as to technical knowledge, abilities, and personal characteristics called for, so that the company can select or promote a kind of "pre-cooked" man who only needs warming up in order to blend into the management team.[44]

3.15.0   LIMITATIONS OF MANPOWER PLANNING

3.15.1   There appear to be some inherent limitations in forecasting and planning manpower requirements. Although many companies are advancing the state of the art on several fronts, it is doubtful whether they have or ever will have a viable blueprint for the planning and utilization of future manpower.

3.15.1.1   A number of limitations to manpower planning has been identified by a number of companies. Long-range forecasts are difficult, and the plans are

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[44]Sands, Edith, How To Select Executive Personnel, (New York: 1963) p.24.

likely to be inaccurate. They are vulnerable to changes in economic conditions and market conditions, as well as changes in technology and management methods. Because of these and other limitations, no company seems to have forged an effective link between longterm manpower fore-casts and nearterm manpower plans.

3.15.1.2   Although it is possible to predict the approximate number of vacancies that will occur in an organization as a result of deaths, early retirements, and resignations, there is no way of knowing which managers will have to be replaced or when. Forecasts can yield gross estimates of personnel requirements in the future, but management takes action on specifies, not on totals.

3.15.1.3   In addition to limitations in the state of the art, some problems experienced by companies in performing manpower planning are of their own making. Frustrated manpower planners frequently complain of the lack of top management support for their activity and, partially as a result, a lack of confidence among managers in their manpower plans and forecasts. The gap between manpower forecasts and the use of such data by management is sometimes attributable to the overzealousness of staff in designing and introducing elaborate manpower planning techniques.

3.15.1.4   As might be expected, the impact
of manpower planning in an organization is often governed
by the level at which the activity reports.   One of the
more frequent miscalculations in manpower planning occurs
when the corporate staff simply aggregates forecasts sub-
mitted by the operating divisions without subjecting them
to critical scrutiny.   A somewhat related mistake was
made by a manpower planner who assumed that a forecasting
system that was useful in one division was applicable to
all, and ended up with a totally unrealistic corporate
manpower plan.   Perhaps one of the most common problems
in manpower planning arises when it is regarded simply as a
technical problem, rather than also as a problem in effect-
ing organizational changes.

3.15.2   There are various methods for a com-
pany to get started in manpower planning.   The authority
responsible may design and install a total corporate man-
power planning system, intended to produce annual and long-
term corporate manpower plan.   He may formulate certain
existing manpower activities, with the expectation that
these may later become building blocks for an integrated
manpower planning system.   Further, he has to analyze and
solve specific manpower problems, and furnish manpower
planning assistance on a project basis.

3.15.2.1   Of course, no single approach can fit every company situation.   It is suggested, nevertheless, that a strategy for introducing manpower planning should include most of the following steps:

1. First, assess the organization's receptivity to changes, particularly those in the area of human resources, and identify the executives and organizational units most and least likely to support a manpower planning program.

2. Identify the actual and perceived manpower planning needs and problems of the organization.   Is the company in an abnormally tight labour market?   Is its technology changing rapidly?   Do any positions require a long lead time for training or developing replacements?   Is management succession a concern of management?

3. Establish the objectives and scope of the manpower planning process.   Should it be to seek lower recruitment costs or a more stable work force?   Should it cover all occupational levels or only the management group?

4. Determine the time horizon of the manpower plan.   Should it be tied to the annual operating budget or to the long-range corporate business plan, or both?

5. Delineate the respective roles of corporate staff and the division in administering the plan.

6. Consider how to enlist the support and involvement of top management in manpower planning.

7. Identify the key interfaces in the company. These would probably include persons responsible for long-term planning, business research and organization planning as well as personnel managers and EDP executives.

8. Outline in principle the design of the manpower planning process for top management approval.

9. Prepare a formal, detailed implementation plan, including provision for progress reporting.

10. Develop methods of monitoring the plan, in order to evaluate the accuracy and practicality of the forecasting and planning process and to learn whether recommendations are acted upon.

11. Plan for later revision and improvement of the plan. Experience with even the most carefully designed plans will often uncover mistaken assumptions and expectations.

12. Institutionalize the planning process, to make its place secure within the management system.[45]

3.16.0 MANPOWER PLANNING IN CENTRAL PUBLIC UNDERTAKINGS

3.16.1 In India, the public sector, generally does not have qualified staff or organisation to undertake manpower planning on a continuous basis. Both the Estimates Committee of the Third Lok Sabha and Committee on

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[45]Frank, E. Fisher., "Manpower Management" in Famularo J. Joseph (ed) Handbook of Modern Personnel Administration, (New York: 1972) pp.14-15.

Public undertakings of the Fifth Lok Sabha have commented
on this aspect.   They have pointed out that due to neglect
excess manpower besets many of our public sector plants.[46]
Similarly, the study team on public sector undertakings
appointed by the Government of India pointed out in 1967:
"It is needless to emphasise that the costs of overmanning
are heavy and recurrent, and are to a large extent respon-
sible for the higher operating cost of our public under-
takings."[47]   The success of any public undertaking depends
ultimately on the ability, training experience and morale
and motivation of the executives engaged in these under-
takings.   It has been rightly observed that: "perhaps,
the most important factor attributed to the failure of the
public sector has been its inability to develop to the
requisite extent its own resources of managerial and
technical personnel. . . ."[48]

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[46]See Estimates Committee, Government of India,
(Third Lok Sabha) Report on Personnel Policies of Public
Undertakings (Fifty Second Report) op.cit.;   Committee on
Public Undertskings, Government of India, (Fifth Lok Sabha)
Personnel Policies and Labour Management Relations in Public
Undertakings, (Fourteenth Report), op.cit.

[47]Government of India, Report of the Study Team
on Public Sector Undertakings,   (New Delhi: 1967) pp.141-42.

[48]Shankar, V. "The Need for Professionalism in
Managing State Enterprises", in Dutt, R.C. and Nigam, Raj K.
(eds) Towards Commanding Heights, (New Delhi: 1975) p.192.

3.17.0.MANPOWER PLANNING IN PUBLIC SECTOR CONCERNS IN KERALA

3.17.1   The management of manpower is the res-
ponsibility of all managers.   Every manager, in his day-
to-day role, influences the human resources assigned to him,
and his effectiveness ultimately depends on how well he
develops and utilizes them.   His effectiveness depends
also on the counsel and help he gets from staff in recru-
iting, selecting, training, and assigning his people.
Generally in all the public sector concerns under study here
staff support in these areas was to be provided on an adhoc
basis.   It was rarely planned or coordinated, and no one
individual or unit had responsibility for the company's
overall manpower planning function.   "Manpower planning,
with reference to managers or staff,has not been attempted on
a systematic basis in most organisations in Kerala.   This
particularly true of enterprises in which Government hold
all or a majority of the shares."[49]

3.17.2   The above statement of the Committee
on Management Development of Public Enterprises in Kerala
is very well corroborated with the eivdence collected from
various public sector units in Kerala.   As the appointments

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[49]Government of Kerala, Report of the Committee
on Management Development of Public Enterprises in Kerala,
op.cit. p.5.

of managers in the Kerala State Road Transport Corporation
(KSRTC) are mostly done through promotions from within or
through the Public Service Commission or by deputation from
Government. So the practice actually is to compile a list
of the requirement of personnel one year in advance. This
list is prepared taking into consideration the replacement
in the lower rungs of the personnel, and the schemes of
expansion of the operation. In short, in Kerala State
Road Transport Corporation they make a simple personnel
inventory analysis in arriving at a figure to be submitted
to the Public Service Commission one year in advance. The
system of appointing executives through direct appointment
is done rarely as the trade unions in the Corporation oppose
even the suggestion from the top management. As the dif-
ferent trade unions are very closely connected with the
different political parties in the present system, which
is bascially rooted and inherited from the Government depart-
ment. Unless the system, the culture and style of manage-
ment itself is changed in KSRTC any scheme to introduce
systematic manpower planning would be futile.

3.17.2.1   In the Kerala State Electricity
Board (KSEB) also more or less the same pattern of 'man-
power planning' prevails with the exception that they can
recruit through Public Service Commission, upto the level

of Assistant Engineers. The system prevailing in the
KSEB is that different chief engineers (Heads of Depart-
ments) submit . their requirements periodically to the Board
on the basis of a personnel inventory analysis. The
requirements of personnel is calculated for new projects
according to norms prescribed in the project reports or
based on the expansion of the distribution system. But
it is observed that all the chief engineers often inflate
the number of persons required. So these lists submitted
by the chief engineers are pruned at the Board level and
submitted to the Public Service Commission for recruitment.

3.17.2.2 In Keltron alone one may find a
systematic effort for manpower planning. The method they
usually follows is to adhere to the project report for
expansion and diversification programmes. Still one may
find that there is very little effort there also to link
the manpower planning with career planning, succession
planning or organization planning.

3.17.3 In public sector concerns where the
professional management is to be developed, there is an
urgent need to plan their manpower sufficiently in advance.
But they are, it seems, very much satisfied with ad-hocism
in the matter of recruitment of executives. Many organi-
sations are generally free from Kerala Public Service

Commission (additional functions as respects certain
Corporations and Companies) Act, 1970, in matter of recru-
itment to the executive positions. Still one may be in-
clined to say that very little has been done in planning the
recruitment and succession or career · planning of executives.
There were stray attempts to initiate the planning like the
one by the Kerala State Industrial Enterprises (KSIE) in its
subsidiaries. The personnel departments in the various
units were asked in 1978 to prepare the future requirements
of their manpower. Some of the units like Kerala Soaps
and Oils Limited have done that exercise. But later they
found that their projections and forecasts have no relevance
as years go by, or there was a vast difference between the
forecast figures and reality. In a nutshell, it may be
said that public sector units do not apply modern tools
and techniques in manpower planning. It may be partly due
to the bureaucratic culture they have inherited and partly
due to the external pressures from the political circles
and due to the attitude of trade unions.

3.17.3 The survey revealed that the firms
take into account the following factors when estimating
manpower requirements.

   i.   Projects for expansion and diversification,
  ii.   Sales Turnover,
 iii.   Employee turnover,
  iv.   Retirement,
   v.   Death.

3.17.4   Manpower planning is one of the most neglected areas eventhough the companies claimed that they do it in their traditional manner. There is very little effort to employ modern scientific methods to estimate and forecast the future requirements of manpower. The reason is not far to seek. The public sector firms never attempted to develop a total corporate planning approach in their managements except in Keltron and in some units under KSIE. Further there are very few qualified people available for doing the job; nor are the top managements interested in such an exercise.

3.17.5   Considering the necessity of introducing the manpower planning system in public sector units the Committee on Management Development of Public Enterprises in Kerala recommended:

> ". . . . It is also necessary that Government should have an apex organisation which is concerned with the compilation of plans of individual organisations and initiation of proper plans for meeting current requirements and

future demands of managerial manpower.
The apex manpower cell is best located under
the direct control of the Chief Minister.
Prima facie, the Planning Board of which the
Chief Minister is the Chairman, would be the
appropriate agency for nursing and developing
this apex cell."[50]

3.17.5.1   On the basis of the recommendation
of the Committee the Government issued orders setting up an
Apex cell under the direct control of the Chief Minister.
The Government Order reads:

"An apex cell under the direct control of
Chief Minister will be set up for a period
of five years for getting manpower planning
done in the various Government undertakings
and to compile the plans of individual under-
takings and initiate proper plans for meeting
current requirements and future demands of
managerial manpower of the undertakings in
the State.   The Planning Board under the
direction of Chief Minister will develop this
apex cell."[51]

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[50]Government of Kerala, Report of the Committee
on Management Development of Public Enterprises in Kerala,
op.cit. p.22.

[51]Government of Kerala, Industries Department,
Government Order No. MS.294/78/ID, Dated, Trivandrum, 31.7.
1978.

3.17.6   The present study revealed that the contribution of the State Planning Board is practically minimal.   In the light of the increasing importance and growth of public sector undertakings in the State, it is high time to ensure that every Public Sector firm establishes a cell which will deal with manpower planning covering both managers and other employees.   It is also necessary that immediate attention is to be given to train and develop necessary personnel to organise the proposed cell in tune with the scientific developments in the area.   It is suggested that the newly organised Bureau of Public Enterprises in the State may take lead in the matter.

CHAPTER   IV

RECRUITMENT AND SELECTION

PART   I

4J.0.INTRODUCTION

4.1.1 One of the most important competitive

advantages of an organization lies in the effective and

efficient utilization of its human resources.   Men with

exceptional ability and skill are needed to plan, execute

direct, control and lead others - in short, to perform any

function relating to the successful accomplishment of the

objectives of the organization.   It is generally recognised

today that men are a company's most important resource.

Rogers reported that "next to external factors, it is men

and their motivations, conscious and unconscious, which

help to shape the development of a company or an industry"[1].

Hence acquisition of adequate and appropriate types of

managers at all levels becomes one of the most crucial,

complex and continuing functions of any business organi-

zation.   This function assumes greater significance in

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[1] Rogers, K., Managers: Personality and Per-
formance (London, 1963) p.164

public sector enterprises in Kerala as they are growing
in size and number, and becoming technologically more
advanced and complex and the traditional management
practices are giving place to professional management.

4.1.2   The quality of the managerial person-
nel helps to make the internal environment of an enter-
prise a healthy one, wherein individuals can contribute
their best to its success.   "A small professional elite
(of entrepreneurs and executives) can go a long way towards
initiating economic growth."[2]   In a very real sense, this
constitutes the very essence of managerial quality in an
organization.   While analysing the significant role of
executives in business enterprises Urwick said:
". . . .businesses are made or broken in the long-run not
by markets or capital, patents or equipments, but by men
. . . ."[3]   The statement is applicable not only at the
micro level but also at the macro level.   Farmer and
Richman expressed this viewpoint emphatically when they
said:

> " We view management as the single import-
> ant social activity in connection with eco-
> nomic progress. Physical, financial and
> manpower resources are by themselves but

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[2]Rostow, W.W., _The Stages of Economic Growth_
(Cambridge, Mass.; 1962) p.52.
[3]Urwick L.F., _Management Education in American
Business_, (New York, 1954) pp.60-61.

passive agents; they must be effectively
combined and co-ordinated through sound,
active management if a country is to
experience a substantial level of economic
growth and development. A country can have
sizeable natural and manpower resources
including plentiful skilled labour and
substantial capital but still be relatively
poor because very few competent managers are
available to put these resources efficiently
together in the production and distribution of
useful goods and services".[4]

4.2.0 INDEPENDENCE AND AFTER

4.2.1 With the attainment of independence and
the adoption of the new Constitution, the declaration of
the Industrial Policy of 1948 and 1956 and the avowed decla-
ration of establishing a socialistic pattern of society,
the public sector has come to occupy a pivotal position in
the economic activity of the State. As a consequence it
has been called upon to play a significant role in acceler-
ating the rate of economic growth, speeding up industriali-
sation, increasing employment opportunities and improving
the living standards of the people.

4.2.2 In the context of the strategy for eco-
nomic development that India has adopted the public sector

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[4]Farmer, R.M. and Richman, B.M. Comparative
Management and Economic Progress, (Homewood, Ill. 1965) p.1

has a decisive role to play.   Already, the public sector
is stated to have reached "the commanding heights" of the
economy of the country.   The role of the public sector
in the economy of the country is an expanding one.   The
performance of the public sector has not always kept pace
with earlier expectations, but yet as a matter of national
policy the country is committed to ensure further expansion
of the public sector.   Efficiency in the working of the
public enterprises is thus an essential condition for the
economic development of the country.   The performance of
the public sector, it is thus pointed out, will largely
determine the speed and effectiveness with which the country
can achieve its social and economic goals.[5]

4.2.3 Most of the studies, official and unoffi-
cial, that have been conducted on improving the efficiency
of the public sector undertakings have particularly stressed
that adequate attention is not being paid by them to person-
nel administration.   It has been pointed out that the
performance and success of any public undertaking depends
considerably on the ability, training, experience and morale
of the executives, managers, administrators and other such
managerial personnel engaged in these undertakings.

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[5]Administrative Reforms Commission, Government
of India, Report on Public Undertakings, (New Delhi, 1967)p.1

4.2.3.1 The public enterprises have developed
their own peculiar personnel problems. One of the most
important things is that of identifing and securing the
services of managers and administrators possessing a pecu-
liar and rare combination of talents. Public enterprise
management demands selecting and appointing persons possess-
ing such qualities as administrative flair, energy, readi-
ness to accept responsibility and knowledge of the princi-
ples of business organisation.

4.2.3.2 Private sector management shares this
need with the public sector. But in the case of the public
sector, the need is for something more. That 'something
more' is not easily definable, but it certainly includes
the unselfish devotion to the 'public good' characteristic
of the best civil servants, a sense of the importance of
public relations, and an ability to establish fruitful and
cooperative relationships with the political leadership and
with the bureaucrats who exercise ultimate policy control.
In short, the public enterprise man needs all the positive
qualities of both the good business manager and of the good
civil servant, and none of the negative qualities of either.
Such a paragon is unobtainable. All one can hope for is
to find someone who will fit the 'job description' only
approximately, and, therefore, imperfectly.[6]

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[6]Hanson, A.H. Public Enterprises and Economic
Development, (2nd Ed. London: 1965) p.454.

4.2.4 The erstwhile princely state of Travan-
core, which is part of the State of Kerala today, was one
of the first parts of India to evolve a policy of active
industrialisation and promote public enterprises in the
State. And yet, it took a very long time to real^ⸯⸯ ᵗʰ⸗
need to develop a scientific r⸗₄sonnel recruitment policy
for publ^⸗ ⸗⸗₍tor organizations. The lack of awareness
of the need was partly on account of the poor development
of the State at that time. In addition there were also
strong historical reasons which accounted for this. It
was a practice very much inherited from the past.

4.2.5 The government-owned commercial concerns
in the erstwhile princely states of Travancore and Cochin
were functioning more or less as ordinary government depart-
ments. Governmental control of them was also absolute.
The General Managers and Officers in charge of these concerns
were selected from among the administrative and executive
personnel in government. Shortage of trained and qualified
personnel, convenience and easy availability necessitated
the direct appointment of government officials to top manage-
ment positions in these concerns. To begin with, there was
perhaps no intention to make them permanent. The exercise
of direct governmental authority was more prestigious and
had its other rewards. In fact many of them returned to
their old posts for one reason or another. Many of the

old manufacturing public sector units like Trivandrum
Rubber Works and Kerala Ceramics were not initially designed
to be commercial enterprises at all. Consequently their
management was not entrusted to people who were trained in
business or commerce. The key positions in these enter-
prises were invariably held by people from state administ-
ration who managed to introduce in them too the system and
procedures prevalent in the government. They were not
accustomed to modern methods of management. Having been
trained and groomed in bureaucratic tradition they seldom
initiated or favoured the introduction of modern policies
or tools and techniques of management. In short the per-
sonal values, philosophy and background of the top echelons
in government were mainly responsible for the early failure
to develop personnel policies in line with modern methods
of professional management.

4.2.6 In 1950, soon after independence, Kastur-
bhai Lalbhai in his report on public undertakings in
Travancore-Cochin observed that the administration of
government owned factories was uneconomic and that they were
run by officers who drew low salaries and did not have the
experience or status needed to run large industrial units
and to develop them on sound commercial lines. According
to him the officers in charge appeared more or less completely
resigned to the inevitable drawbacks of departmental routine.

He, therefore, recommended that experienced persons should
be selected on sufficiently attractive rates of pay as
General Managers and that they should have high technical
competence and the initiative needed to improve the overall
efficiency of the undertakings entrusted to them and to
utilise the potentialities which existed for further deve
lopment.[7]

4.2.6.1 Though this observation was made some
three decades ago, the situation still persists in most of
the public enterprises in the State. Not much was done by
the Government to implement the recommendations. This was
pointed out in the Report of the Public Accounts Committee
of the Kerala Legislative Assembly five years later. The
Public Accounts Committee for 1954-55 stated in its report,

> ". . . The Government is managing several
> factories and business concerns - some of them
> at a considerable recurring loss. The existing
> method of treating these organizations as offices
> and departments of the Government is obviously
> not suited to facilitate the working of these
> organisations. It is recommended that a
> Committee of the Legislature be set up to exam-
> ine this matter in detail and to make recommend-
> ations with a view to enable efficient and busi-
> nesslike management of thse organisations

[7]Lalbhai,Kasturbhai, Report on the Working of
Public Undertakings in Kerala (Trivandrum: 1950) p.15

of Government"[8].

4.2.7 Nearly fifteen years later, this point
was reiterated by the Estimates Committee of the Kerala
Legislative Assembly in 1968-69.

> ". . . The present administrative and manage-
> rial personnel in the Government concerns are,
> in quite a few cases government officials sent
> on deputation. Some of these officials are new
> to industrial conditions and problems and lack
> requisite managerial skill".[9]

4.2.7.1 There seems to be little change in this
state of affairs even to-day. The present practice of
appointing personnel on deputation to manage the affairs of
the public undertakings has not yielded satisfactory results
in many cases. A deputationist is likely to be on the
look out for promotion in the parent department or to a
higher position in the Central Government and as his fort-
unes are not linked to the concerns in which he is working
he could not be expected to give his best.[10]

8Public Accounts Committee, Legislature Secre-
tariat, Government of Kerala, (First) Report on the
Appropriation Accounts 1952-53 and Audit Reports 1954 and
1955 Part I (Trivandrum) p.8.

9Estimates Committee 1968-69, Legislature Secre-
tariat, Government of Kerala, (First) Report on Industries
Department, (Trivandrum: 1969) p.23.

10Pillai, Gangadharan, V. The Public Sector in
Kerala, op.cit. p.176

4.3.0 THE COMMITTEE ON MANAGEMENT DEVELOPMENT

4.3.1 In 1974, the State Government appointed
a Committee to study about and report specifically on the
problem of management development in public enterprises in
the State.   This in itself was a major development.   It
was an indication that at the highest level in government a
new awareness had come about the importance of management
development in public enterprises.   The composition of the
committee was also indicative that the Government wanted
authoritative advice on this critical problem.

4.3.2 The committee presented its report within
a short while.   In its report, the Committee pointed out:

> ". . . In Kerala Government undertakings, we
> will have to induct persons not only at the
> junior level but practically at all levels.   In
> a large number of Government companies which
> we visited the need for inducting managers at
> the top, middle and junior levels was noticed.
> In a few companies we found that there was not
> even a single manager with the required quali-
> fications and experience.   In the private
> sector companies the position is slightly better".[11]

4.4.0 THE PROBLEMS OF RECRUITMENT

4.4.1 In the previous chapter, the importance
of manpower planning in business organizations was discussed.

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[11]Government of Kerala, Report of the Committee
on Management Development of Public Enterprises in Kerala,
op.cit. p.11.

It was pointed out that manpower planning is an essential part of business planning without which no business organization can hope to function well long into the future. Manpower planning is essential as it, followed by other equally essential steps, leads to building up assets or liabilities in an organization.

4.4.1.1 Once manpower needs have been determined, recruitment is the next logical step in the staffing process. The function of personnel recruitment is two-fold. They are (i) to identify the sources of manpower to match job requirements and specifications; and (ii) to attract an adequate number of prospective candidates to permit meaningful selection of the required personnel.

> ". . . Recruitment is the process of
> searching for prospective employees and
> stimulating them to apply for jobs in the
> organization. It is often termed 'positive'
> in that its objective is to increase in the
> selection ratio, that is, the number of appli-
> cants per job opening. Hiring through
> selection is negative in that it attempts to
> eliminate applicants, leaving only the best
> to be placed in the firm."[12]

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[12]Flippo, Edwin B., _Principles of Personnel Management_, (4th ed. Tokyo: 1976) p.131.

4.4.2 Sources_of_Recruitment

4.4.2.1 There are two broad sources of searching for executive manpower - one is within the existing ranks of employees for candidates and the other is for looking outside the company. Selection, either internal or external, is a deliberate effort of the organization to select a fixed number of personnel from a large number of applicants. Selection involves three distinct, but not mutually exclusive stages. These are recruitment, selection, and placement in that order. Recruitment is the generation of applications or applicants for specific positions through advertisement, State employment exchange agencies or private employment agencies and present employees.

> ". . .Application of the normal civil service
> system of recruitment, grading, promotion, dis-
> missal and discipline is obviously inimical to
> to efficiency to the extent that a public enter-
> prise differs in its modus operandi from an
> ordinary government department. It may be
> inimical in any case, in view of the fact that
> civil services, in underdeveloped countries,
> frequently display all the pathological tenden-
> cies to which any bureaucracy is subject, with
> the result that even the more normal duties of
> government are very inefficiently performed."[12]

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[12]Hanson, A.H. Public Enterprise and Economic Development, op.cit. p.459.

4.4.3 Special Problems of Recruitment in Public Sector Concerns.

4.4.3.1 The primary purpose for putting a
public enterprise in charge of its own personnel - giving
it the right to hire and fire staff and labour - is to give
it the capacity to perform the functions for which it is to
be held accountable. There are additional reasons for
granting autonomy in personnel matters to public enterpri-
ses. One of these is to permit the establishment of salary
scales and other conditions of employment competitive with
the scales and amenities in private industry and higher than
those usually prevailing in government service. Compara-
tively few public enterprises, however, have been able to
sustain their independence in personnel matters. Perhaps
the main reason for this failure is their slowness to create
their own distinctive systems having personnel standards
and procedures which are not only sufficient to the need
but which can be explained and justified to a sceptical
public.

4.4.3.2 By and large, however, the public sector
in Kerala has not acted as vigorously, imaginatively, or as
effectively as it might in setting up and sustaining the
personnel systems that are needed to perform the enterprises'
functions and that are justifiable by public standards.

For this reason of delay in establishing acceptable per-
sonnel standards and viable personnel systems, and also
because of apparently inevitable bureaucratic and poli-
tical pressures, poor judgment in making appointments,
fixing salaries at suspiciously high levels, and supervis-
ing too permissively with respect to assignments and tenure
are abuses not uncommonly found. There may be occasional
exceptions to these practices. As time goes on and public
pressure is brought to bear, corrections are made. In
general, however, delays and abuses in the personnel systems
of public enterprises have provoked external interventions
in their personnel policies and actions. It has been said:

> ". . .The professional labour market is new
> and highly competitive. . . . The best profes-
> sionals are often the most restless, the most
> demanding and the most mobile. National and
> international labour markets require employers
> to be more responsive to their economic and
> emotional needs. Each organization must appeal
> to the best by providing a more attractive
> environment than does the competition."[13]

Only by providing a total environment which satisfies the
material as well as the creative needs of talented personnel

[13]Rostow, Jerome M. "Growing Role of Profes-
sional and Scientific Personnel", Management Record,(Vol.XXIV
No.2 ,1962) p.19.

can an organization attract and retain an appropriate share
of the best talent.

4.4.4 Attraction of Talent.

4.4.4.1 Exceptionaly efficient men tend to
associate themselves with industries where there is growth
potential, stability, and the possibility for social ser-
vice, while industries lacking strong economic function,
stability or probable future growth usually have greater
difficulty in obtaining and holding on to capable executives.
Experience indicates that a reputation of excellent manage-
ment will attract the best of the budding executives. The
organization that wants its share of desirable recruits
must constantly work at making a favourable image of itself.
Its relations with the public should create the impression
that this is a good company to work for. The difference
between attracting good men and those who are just good
enough depends to a large degree on how it is viewed by
the public.

4.4.4.2 Attracting the best talent also depends
on a competitive remuneration policy. Unfortunately,
"the philosophy of the public sector seems to be to get the
best men for the second best price".[14] In a mixed economy

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[14]Ramanandam, V.V. Working of the Public Sector,
(Bombay: 1965) pp.165-76.

with a high competitive demand for executive talent, the
remuneration system in public enterprises should not be
kept low compared to that offered in the private sector.
Otherwise, it would be difficult for the public sector con-
cerns to attract and retain talent.

4.4.4.3   One major factor affecting the per-
formance of many public enterprises in the less developed
countries is the shortage of men with the requisite experi-
ence.   This is due partly to the absence of an indigenous
commercial and industrial community of men with effective
managerial skills and with the practical knowledge of trade
or industry.   It is also partly because the private and
public sectors have to compete for the scarce high level
manpower resources in the same labour market.   The private
sector is able to employ a large number of technically com-
petent personnel because it is able to offer better salaries
and more lucrative service conditions than the public sector
is able to offer.   The glamour of a 'government' job has
also been very much in decline in recent years.

4.5.0 REMUNERATION POLICY

4.5.1   The basic objectives of the remuneration
plan of an undertaking are to attract and retain good quality
personnel and to motivate them towards good performance.
Long term considerations require that the salaries offered

should be good enough to attract potentially capable per-
sonnel. It may be true that every man has his price and
a capable man carries a greater price. J.R.D. Tata, one
of the most eminent industrialists of the country who has
very wide experience in both the public and private sectors
has said:

> ". . . While pay is obviously not the only
> criterion of job satisfaction, it is an import-
> ant factor and by limiting the salaries of the
> men in charge of public sector enterprises to
> those prevailing in government service, public
> sector enterprises are deprived, to their great
> detriment, of the opportunity to attract the
> best commercial and industrial talent in the
> country".[15]

4.5.1.1   It would appear that in many public
undertakings, there is far too much emphasis on obtaining
talent which would keep the present machine going and far
too little on attracting the really scarce talent that can
serve the purpose of meeting the challenge of the unknown
future. The remuneration offered by any organisation,
especially when it is a very large and complex one as some
of the major public undertakings are, should be such that

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[15]Tata, J.R.D., "Autonomy and Framework of
Controls", Lok Udyog, (Vol.IV, No.7, 1970) p.786.

at least a few first rate persons who possess this scarce
capacity are attracted to it.

4.5.1.2   Remuneration being a cost to the enter-
prise, the management's approach would naturally be to keep
this cost to the lowest level possible.   But an enlight-
ened management has to think in this respect not merely of
short run costs but also of long run costs.   In other words,
costs have to be related to the value of present and future
output.   Paying unduly low salaries today may mean a saving
in immediate costs.   But the future growth and efficiency
of the enterprise should not thereby get affected adversely.[16]
Public undertakings, especially when they follow civil service
patterns of salary plans, are found to be at a disadvantage
in recruiting and retaining competent personnel in all
countries where a 'mixed' economy prevails.   In Sweden,
for example, the enterprises which are organized as "trading
agencies" - which are somewhat similar to departmental public
undertakings in India - find that their salary scales are
falling behind those of private enterprise and some of them
are experiencing difficulties in recruitment.[17]   This is

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[16]Paranjape, H.K.   The Flight of Technical
Personnel in Public Undertakings, (New Delhi; 1964) p.99.

[17]Verney, Douglas V. , Public Enterprises in
Sweden, (Liverpool: 1959) pp.39-52.

why there is an increasing preference all over the world
to organise public undertakings as companies which enjoy
greater flexibility in the matter of personnel and remuner-
ation policies.   In England, the remuneration policy of
the nationalized industries has never been closely linked
to civil service scales.   In the United States of America
the departmental undertakings follow the civil service pay
structure and they have had to face major difficulties
regarding the availability and retention of competent per-
sonnel.   In consequence, public corporations like Tennessy
Valley Authority adopt salary scales which are closely based
on the pattern prevalent in business.   In India, both
central and state government undertakings largely follow
the salary pattern laid down in government service.   Exe-
cutive personnel are not a standardised commodity.   While
the average talent will constitute the largest proportion,
and the public sector will have no difficulty in attra-
cting it in enough quantity at a price set by it, the small
proportion of first rate talent may not be attracted to
the public sector as long as the remuneration system compares
so unfavourably with the private sector undertakings.[18]

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[18]Paranjape, H.K., The Flight of Technical
Personnel in Public Undertakings, op.cit p.102.

4.5.2 Empirical Evidence

The present study elicited the opinion of the executives in this regard.   The result of the survey is presented in Table 4.1

Table 4.1

Remuneration Policy of the Public Sector:
Perception of Executives

Very good	Good	Satis- factory	Bad	Very bad	Total
0	12	98	112	18	240
(0%)	(5%)	(40.8%)	(46.7%)	(7.5%)	(100%)

Out of the 240 respondents 98 (40.5%) felt that the remuneration was somewhat satisfactory and only 12 (5%) of them considered the present salary as good. Nobody said that it was very good.   One hundred and thirty (54.2%) executives felt that the executive compensation was far from satisfactory. From further discussions with the senior managers in different concerns, it was understood that the salary policy was not in anyway worse than that prevailing in Government, even though in some cases it might not be comparable with certain private organizations in the State. Again it could be observed that the top

management in the public sector concerns were not quite
free to have an independent decision in this regard as it
would have repercussions in the government administration
and other public sector units. This is evident from the
fact that in all the public sector concerns it is stipu-
lated that salary revisions can be done only with govern-
ment approval and that all new positions created having
a salary of Rs.1,000/- and above per mensem will need
government clearance. Senior Government officials who
sit on the Director Boards of these companies are vigi-
lant that salary scales in these concerns are not gener-
ally higher than what it is in government. There is
not one Chief Executive of a public sector concern who
draws a salary higher than the highest salary in the State
Government. In fact, barring one or two, there is no
Chief Executive who draws a salary above that a joint
secretary or very rarely an additional secretary in Govern-
ment. Government has a decisive voice in evolving a
compensation system in the public sector.

4.5.3 The problem that arises in this context
has been stated by Paranjape as follows: "The salary policy
regarding government services affects the salary scales
in the public sector and these then compare very unfav-
ourably with salary scales and other benefits in the

private sector. The comparative security of service in
the public sector is not a very effective compensation
for significantly lower salaries, and the other advant-
ages of administrative services do not apply in the case
of service in public sector undertakings."[19] While remu-
neration plans are important in attracting and retaining
good personnel, such material incentives are not the whole
of it.

4.6.0 CAMPUS RECRUITMENT

4.6.1 In general, in spite of the shortage of
talented executives, whether in the public or private
sector, there is very little attempt for campus recruit-
ment in Universities and Colleges. The traditional
approach is that of sitting back and waiting for candidates
to apply in response to an advertisement. This does not
ensure that the enterprise gets the best candidates avail-
able. In particular, public undertakings have not gone
beyond the traditional passive attitude and methods reg-
arding recruitment. In this respect public sector units
suffer from obsolescence in the policies and proceedings
by which they recruit, select and appoint executives,

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[19] Ibid, p.173

The acquisition of talent lacks vigour and imagination.
There is a tendency to assume that applicants for employ-
ment will come to the government undertakings in required
numbers and quality. While the preference for govern-
ment jobs still lingers, this is mostly at the lower levels.
At the higher level this preference is on the decline. In
the hunt for real quality, the public sector units are
required to compete with the private sector in the open
market. In this competition an attractive remuneration
plan and incentive package are quite necessary.

4.7.0 DELAY IN SELECTION PROCESS

4.7.1 In the case of public undertakings, one
factor that seems to affect effective recruitment is the
long time gap between inviting applications, testing and
interviewing and the actual appointment. In many under-
takings, it was reported that the gap extended at times
to years, Naturally with so much demand for competent
personnel in the country the better candidates get absor-
bed elsewhere in the meanwhile. It may lead to upsetting
the whole time table about post entry training, production
targets, etc. Further, such delays may generate in the
mind of the new recruit a suspicion about the efficiency
of the organization from the very beginning.

". . . Selection is the rather ill defined
manpower management science - or art - of
arriving at a firm yes/no decision about the
people. . . . Good personnel selection espe-
cially of high talent manpower - is a diffi-
cult job. It takes hard work, it takes insight,
and it takes a measure of luck. But the costs
of poor selection of talent are too high to
permit any organisation to shun the hard work
and effort required. Personnel efficiency,
dissatisfaction and turnover are the short-
range costs of improper selection; inadequate
resource of professional and managerial talent
is the long range cost."[20]

4.8.0 PERSONNEL RECRUITMENT POLICY

4.8.1 Training can improve the quality of per-
sonnel, provided they are fine material to begin with.
But a training system can never be enough compensation for
a poor recruitment and selection policy. It has been
said, "No amount of training will turn into competent
managers those who lack suitable intelligence and dispo-
sition for controlling others. . . . The importance of
choosing the right men or women for managerial positions
cannot be exaggerated. The task of training people in
management is quite difficult enough without sorting with

[20]Hinrichs, John R., High-Talent Personnel,
(New York, 1966), p.87

the handicap of unsuitable human material."[21]

4.8.2   One of the greatest dangers arising from
absence or inadequacy of information about personnel poli-
cies lies in the fact that employees may conclude that
their own interest are at variance with that of the organi-
zation.   In other words, statement of personnel policies
is one of the areas from which employees derive their trust
and motivation.   This is besides the advantage that the
organization derives in terms of enabling the manager to
evolve procedures with a certain amount of freedom and
initiative to ensure achievement of the objectives.

4.8.3   Hence evolving sound selection policy
is a sine qua non for any human resources system.   Defi-
nite statements of such personnel policies are important in
any organization to provide a sense of security to its
employees.   Frequent changes in policies create mistrust.
Any change involves disturbance to the sense of security.
This is why an organization should aim at establishing
reasonably firm policy positions.   Departures should be
carefully orchestrated.   Changes are made only carefully
with due care that there is sufficient discussion about

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[21]Brown Wilfred B.D., and Raphael Winifred,
Manager, Men and Morale, (London: 1948) p.119.

them in advance and caution that they do not unduly dis-
turb the career opportunities of any employee.

4.8.4 An integrated managerial personnel
policy for public enterprises should cover various dimen-
sions, including:

> (i)   Policy on selection and recruitment at
>   top, senior, middle and entry levels.
>
> (ii) Policy on entry pay and managerial remuner-
>   ation in middle,senior and top posts.
>
> (iii) Policy on appraisal of performance and
>   rewarding performance through promotion.
>
> (iv) Policy on job evaluation, job enrichment
>   and job rotation.
>
> (v)   Policy on personnel and position classi-
>   fication based on the criteria of problem-
>   solving capabilities, knowledge-skill
>   component, accountability etc.
>
> (vi) Policy on training, including foundation
>   or induction training as well as refresher
>   training through the career of the managers.
>
> (vii) Policy on mobility of managerial talent
>   within the enterprise, between the enter-
>   prises as well as between the public sector
>   and government.
>
> (viii) Policy on tenure of appointment.
>
> (ix) Policy on superannuation terms.

In an integrated personnel policy, which covers
the entire managerial process from selection to super-
annuation, all these ingredients have to be properly

enmeshed in the career plans of individual managers in
the enterprises, based on which alone the managerial
succession plans in the public enterprises as a group at
top and senior levels could emerge.[22]

4.8.4.1 There is no such integrated written
policy statement in any of the public sector units. So
the study elicited opinion of the executives at various
levels regarding their perceptions about the personnel
policy. The result of the survey is shown in Table 4.2

Table 4.2

Opinions Regarding Personnel Policy

Very Good	Good	Satis- factory	Bad	Very Bad	Total
14	58	114	31	23	240
(5.83%)	(24.17%)	(47.5%)	(12.9%)	(9.6%)	(100%)

From table 4.2 it can be seen that about the
personnel policy followed in their organisations 114
(47.5%) expressed satisfactory, 58 (24.17%) felt that the

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[22]Bureau of Public Enterprises, Ministry of
Finance, Government of India, Public Enterprises Survey
1978-79, op.cit. p.229.

policy has been good and 14 (5.83%) very good. Only 54 (22.5%) people felt that the personnel policy followed was bad or very bad. But the predominant group found the personnel policy just 'satisfactory'.

4.8.4.2 The study elicited the opinion about the influence of trade unions in formulating the personnel policy. The result is summed up in Table 4.3

Table 4. 3

Opinion about the Influence of Trade Unions
in Formulating Personnel Policy

Always	To a great extent	Somewhat	Seldom	Never	Total
79	108	42	11	0	240
(32.92%)	(45%)	(17.5%)	(4.58%)	(0 %)	(100%)

Table 4.3 illustrates the influence of the trade unions in the formulation of the personnel policy. Out of 240 managers 229 (95.42%) though that trade unions in someway or other, influence the formulation of the personnel policy of an organisation. Only 11 (4.58%) thought that trade unions seldom exert their influence in deciding

the personnel policy. However, nobody said that the trade unions did not influenc the personnel policy at all.

4.8.4.3 There is a strong belief among executives that the government has an upperhand in formulating the personnel policy of the public sector concerns. This is evident from the survey, the result of which is given in Table 4.4.

Table 4.4

Opinion about the influence of Government
in Formulating Personnel Policy

Always	To a great extent	Somewhat	Seldom	Never	Total
71	107	42	20	0	240
(29.58%)	(44.58%)	(17.5%)	(8.34%)	(0%)	(100%)

Out of the 240 executives 220 (91.66%) held the view that the government exerts influence in shaping the personnel policy of the firm. Only 20 (8.34%) believed that government seldom interferes in the personnel policy of the public sector concerns.

4.9.0 EXECUTIVE PROFILE

4.9.1 Selection is to be based on definite criteria. There must be a clear understanding in the mind of the selectors regarding the bases for selection.

4.9.1.1 It is in this context that the design of an executive profile becomes relevant. Henri Fayol, the French pioneer management theorist, classified the various activities of an industrial enterprise into six groups - technical, commercial, financial, security, accounting, and managerial. He then identified five main functions within managerial activities: planning, organization, command, co-ordination, and control.[23] He then tried by implication to derive from these, those specific personality traits which should characterise an ideal manager. Many modern writers of the classical-traditional schools have retained Fayol's list of managerial functions. Koontz and O'Donnell describe the functions of the manager's job as planning, organising, staffing, directing and controlling.[24] Most of the functions seem to be simply another way of describing rational thought process and are deductively derived.

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[23]Fayol, Henri., General and Industrial Administration, (London: 1949) p.3.

[24]Koontz H. and O'Donnell, C., Principles of Management, (3rd ed.)(New York: 1964) pp.39-40.

4.9.1.2 It is important to note that some classical-traditional management theorists make a distinction between managerial and nonmanagerial skills. Non-managerial skills are technical and professional skills usually exercised by staff specialists, such as lawyers, accountants, salesmen and engineers. When a manager uses one of these skills directly he is no longer acting purely as a manager. From this essentially deductive reasoning, management writers then arrive at two conclusions which are of interest in the study of management jobs and thinking about executive development.

1. Technical skills are not an important
    part of a manager's job, though at times
    a manager may be forced to use or fall
    back upon technical skills in his job by
    performing technical tasks. Normally,
    he should do the managing rather than do the
    doing.

2. Managerial skills can usually be expres-
    sed in terms of qualities important to
    success in the managerial job.[25]

4.9.1.3 The classical-traditional management school of thought has undoubtedly made an important contribution towards an understanding of the process of management. However, their lack of empiricism has brought severe criticism from modern behavioural scientists. This

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[25]Bellows, Roger, et.al. Executive Skills,
(Englewood Cliffs; 1962) pp.3-13.

reaction has crystallised in the work of Elton Mayo and
other writers of what used to be called the human rela-
tions in industry school in industrial sociology and is
now called organizational behaviour. Emphasis shifted
from the formal approach of Taylorian scientific manage-
ment and formal deductive management theory which had
flourished since the writings of Fayol to greater concern
for the informal aspects of management and inductive
theorizing[26].

4.9.1.4 Another landmark reaction to the early
classical-traditional writings on management, in addition
to that of Elton Mayo was contained in Chester Barnard's
book, The Functions of the Executive.[27] Barnard and Mayo
are the forerunners of a new wave of social researchers
who, though varying in their disciplinary orientation. Both
emphasized the need for empirical data as a basis for
generalizations concerning the problems of management. The
impact of this trend also became evident in the study of
management jobs. Several empirical studies provided greater
substance to our understanding of the functions of management.

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[26]Koontz,H., O'Donnell, C., Management - A Systems
and Contingency Analysis of Managerial Functions (Tokyo:1972)
pp.52-54.

[27]Barnard,Chester, The Functions of the Executive
(Cambridge: 1928) p.28.

4.9.1.5 It is generally observed that a manager who is equipped with certain personality traits can win out against inhibiting environmental forces. Since it is rather difficult to alter the totality of environment, it becomes one of the main challenges of the managerial job to win over these inhibiting environmental factors. On this basis, it would be possible to take account of certain personality traits while selecting personnel for various managerial positions. In selecting management trainees, employers, of course usually attach importance to certain common traits but they are not of one opinion as to what these common traits should be in all trainees.[28] Obviously, technical qualifications may be important in managerial positions but these can be adequately judged from the applicants' academic and other relevant training records. It is more important to assess the most suitable combination of personality traits with technical knowledge possessed by the applicants. Personality traits, beyond any shadow of doubt are extremely important in managerial jobs because adverse personality traits of managers cause undesirable tensions and worries in an organisation. A consideration of personality difference

[28]Das Gupta, A., Management Education in India, (New Delhi: 1958) p.1.

of focal persons is important for at least three reasons.
First, "the behaviour of role renders is significantly
affected at times by the impression they have formed of
the focal person's unique traits"[29]   Some people arouse
hostility and aggression from their associates, while
others give rise to sympathy and supportive responses.
Likewise, some people encourage and others discourage
free and open communication processes.   Second, persona-
lity characteristics tend to produce differential em tional
reactions to stress.   Some people tolerate severely
stressful situations, while others are overwhelmed with
tensions and axieties when exposed to similar stressful
situations.   Finally, personality factors lead to indi-
vidual differences in styles of coping with stress.

4.9.1.6 Gordon and Howell point out that compe-
tence in any field is the product of some combination of
education, experience, and personal traits.   This is true
of any kind of professional competence, including compet-
ence in business.   "Competence in business or any other
field, depends not only on education and experience but
also on the possession of personal traits.   These traits

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[29]Kahn, R.L.,et.al., Organisational Stress:
Studies in Role Conflict and Ambiguity, (New York: 1964)
p.248.

can be considered to be of three types, mental, physical, and those concerned with personality,"[30]

4.9.1.7 A number of studies relating to personality factors and occupational success in managerial positions have been made. Bixler analysed 400 cases among seventy six companies to find out the cause of turnover voluntary or forced.[31] His analysis shows that personality and character traits are eight times more important than lack of specific skills in the reasons given for discharge of even clerical employees. Kahn et.al. have suggested "the likelihood of important relationships between attributes of personality on the one hand, and the experience of and reaction to role conflict and ambiguity on the other hand."[32]

4.9.1.8 As Cleeton and Mason put it, success as an executive depends not merely on the possession of a list of qualities, but on "the proper organization of abilities, knowledge and personality traits."[33] They add that "potentially successful executives may possess these traits in varying combinations, and that the quality of

[30]Gordon R.A. and Howell, J.E., Higher Education for Business, (New York: 1959) p.103.

[31]Bixler, H.R.,"Reconversion Problems", Personnel, (Vol.II, No.2, (1945) pp.130-138.

[32]Kahn, R.L., et.al. Organisational Stress: Studies in Role Conflict and Ambiguity, op.cit.p.227.

[33]Cleeton G.U. and Mason, C.W. Executive Ability, (New York: 1946) p.26.

performance depends not merely on a particular bundle of traints but on their interaction with the particular environment in which the performance takes place."[34]

4.9.1.9 Randle et.al. reported on a study of executive qualities based on an intensive appraisal of some 1,400 executives. For all executives combined, Randle found that the following charateristics in addit- ion to performance on the job, tended to differentiate the best from the poorest executives: motivation and personal drive, intelligence, leadership, administrative skills, initiative, creativeness, human relations skills, judgement, and flexibility.[35] "No list of traits has universal validity in identifying managerial talent, and the different cominations of qualities may carry men equally far, depending on a variety of circumstances. It is highly probable that, to some extent, the qualities needed for success in particular positions may emerge out of the demands of the job rather than represent traits which the individual previously possessed."[36]

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[34]Ibid.

[35]Randle C.W. et.al., "Better Ways to Measure Executive Performance", Management Methods,(Vol.XIX, No.4, 1961) pp.64-76.

[36]For a discussion of the ways in which differ- ent managerial jobs may require different combinations of qualities, see Mandell, M.M., and Dooher M.J., and Eliza- beth Marting, Selection of Management Personnel, (New York: 1957) pp.207-224.

4.9.1.10   Mann, in 1959, published a detailed
analysis of the literature on the subject of personality
and leadership written during the period 1900 to 1957.
He discovered that over 500 different measures of per-
sonality were described which he was able to classify into
seven broad categories: intelligence, adjustment, extro-
version, dominance, masculinity, conservatism and inter-
personal sensitivity.   In his summary Mann stated:

> ". . . The positive relationships of
> intelligence, adjustment and extroversion
> to leadership are highly significant.
> In addition, dominance, masculanity, and
> interpersonal sensitivity are found to be
> positively related to leadership, while
> conservatism is found to be regatively
> related to leadership.   Finally evidence
> has been that personality factors and
> leadership varies with the technique of
> measuring leadership"[37].

4.9.1.11   The importance of certain persona-
lity traits has been emphasised in other studies also.
For example, pursuing the concept of the manager as the
leader, Tead has made a list of ten traits which he feels
necessary in the leaders.   He admits that all of these

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[37]Mann, R.D., "A Review of the Relationships
between Personality and Performance in Small Groups",
Psychological Bulletin,No.56(1959) pp.241-70.

qualities may not necessarily appear in every leadership situation nor are they equally required of every leader. However, he feels that they are ideally desirable qualifications for a leader.[38]   Douglas McGregor noted that leadership behaviour is a complex relationship among four major categories of variables.

    i)   The personal characteristics of the leaders;

   ii)   The attitudes, needs and other personal characteristics of the followers;

  iii)   The characteristics of the organization, such as its purpose, its structure, the nature of the task to be performed; and

   iv)   The social, economic and political milieu.[39]

Ganguli feels that the personal qualities of a successful leader are not universal and that in one specific situation entirely two different types of personality may be equally successful.[40]   Schell states that it is useless to list all the traits essential to executive success because all of man's mental, moral and physical virtures are to be mentioned. However,

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[38]Tead, O., The Art of Leadership, (New York: 1963) pp.82-83.

[39]McGregor, Douglas, "The Manager, Human Nature and Human Sciences "in Bennis Warren, G and Schein Edgar, H. (ed.) Leadership and Motivation: Essays of Douglas McGregor, (Cambridge: 1964) pp.201-238.

[40]Ganguli, H.C., Industrial Productivity and Motivation, (New Delhi: 1961) pp.75-76.

"there are certain traits in which variations in qual-
ity more seriously affect executive success than they
do in others. . . . The person wishing to become an exe-
cutive would find a heavy weighting of certain charact-
eristics necessary, while others need not be present in
so great a degree".[41]   Among the traits, according to
him, which the executives usually require are (i) innate
interest and affection for people, (ii) strength or
power of personality; and (iii) scientific trend of
mind.   Without these traits, he feels, the executives
are least likely to achieve success.[42]   Stogdill has
demonstrated that there are a number of traits which have
been frequently found with some consistency among succes-
sful leaders in a variety of groups and situations such
as persistence, consistency, self confidence and depende-
bility.[43]   Hozelitz states that the small entrepreneur
must primarily display the required characteristics of

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[41]Schell, E.H., Technique of Executive Control.
(New York: 1957) pp.15-16.

[42]Ibid.

[43]Stogdill, R.M., "Personal Factors Associ-
ated with Leadership: A Survey of the Literature",
Journal of Psychology, (Vol.XXV, No.1,   1948) pp.55-71.

personality and leadership.[44]   The psychological aspects of entrepreneurship have been stressed by McClelland. He states, "So in a mobile society where an occupational position is somewhat dependent on performance (rather than on family or political connections), managers, executives or entrepreneurs should have higher achievement than men in other comparable occupations".[45]

4.9.1.12 Rosemary Stewart of the Oxford Centre of Management Studies recently carried out an important study of the kinds of demands various managerial jobs make upon the job holders, such as those arising from relationships with others, the nature of the work patterns imposed by the jobs and an aspect of responsibility defined as 'exposure'. Job titles were not accurate guides to the nature of demands particular jobs might make. Steward found that different accounting jobs, for example, could give rise to the wide range of different requirements. To find what the demands of a job are likely to be, therefore, it is essential to look at the organizational context of the job as well.[46] Dwevedi foung that

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[44]Hozelitz, Bert. F., "The Entrepreneurial Element in Economic Development" inEttinger, K.E. (ed) International Hand-book of Management, (New York, 1965) pp.229.

[45]McClelland, D.C., The Achieving Society, (New York, 1961) p.259.

[46]See Stewart, Rosemary, Contrasts in Management, (London: 1976).

the Indian and the Western managers disagreed on flexi-
bility and sociability. Indian managers prefer socia-
bility and discouraged flexibility, but agreed with Western
managers on the importance of intelligence and co-operation,
and like them, placed relatively low values on independ-
ence, conformity and dominance.[47] On the other hand,
Ghosh and Manerikar found that Indian managers were shy,
aloof, emotional, anxious, tense and excitable, on the
one hand, and on the other, "independent" and indifferent
but resourceful with "moderate" self-sentiment. Ameri-
can managers were mature, calm, somewhat suspicious,
composed, talkative, and persistent.[48]

4.10.0 SELECTION TECHNIQUES

4.10.1 A good deal is known about the per-
formance of managers, but the predictions about manage-
ment success are still in the early stages of exploration
and survey. There is often no agreement on what is mana-
gement success and on what is personality, so that there

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[47]Dwevedi, R.S., "The Relative Importance of
Personality traits among Indian Managers", Indian Manage-
ment, (Vol.IX, No.4, 1970) pp.30-35.

[48]Ghosh P.K. and Manerikar, V.V., "Similarities
and Differences in Personality Characteristics of Managers",
Indian Journal of Applied Psychology,(Vol.XII, No.2, 1975)
pp.65-70.

is little agreement on what personality it takes to be
a successful manager. There have been a number of obje-
ctive criteria developed and some of them have been pre-
dictable. But objective criteria do not seem to be
generally adequate for research or for administration.
Perhaps, there can be few generalisations about good
managers because there are so many differences among
successful managers. Managers probably vary depending
upon the functional field of sales, production, etc. They
probably vary with the level of responsibility. There
may be differences between industry, as between public
sector concerns and others. There may be differences
related to the growth pattern. In looking for predictions
of management success, the search is difficult because of
scarcity of complete information. A survey of research
done in the field indicates that there are certain per-
sonality characteristics associated with successful mana-
gers, but cultural differences pertaining to the state of
society, nature of industry, type of function and numerous
other variables make generalisation difficult.[49] A
single set of characteristics universally applicable is yet
to be derived, but there are definite evidences about
certain types of character traits needed for particular
types of situations.

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[49]See Rowland, Virgil K., Managerial Performance and
Standards, (New York: 1960)

4.10.2   Perhaps procedures could be developed
if satisfactory criteria are developed first.   But to
obtain a satisfactory criterion is one of the most diffi-
cult aspects of the selection problem.   Many research
workers have been studying this problem, both in general
and specific situations.[50]

4.10.3   Selection could only be called more
scientific if its probability of success is considerably
higher than it is at present.   For the time being a syste-
matic approach is the nearest we can get to full technical
soundness.   The results of it, in both industry and the
services, are enough to validate its claim to be reason-
ably effective.

4.10.3.1   The strategy of recruitment and sele-
ction should follow the underlying principles in order to
be systematic:

  i.   The methods used must be technically
       sound. For example, if tests are used,
       they should be those that measure what
       they purport to measure.

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[50]See Warner Lloyd W and Norman H. Martin (ed)
Industrial Man (New York: 1959)

ii. The method must be administratively con-
venient. It must not be so short that
judgements are superficial or candidates
not given the chance to show their worth.
Nor should it be so long or ardous that
candidates and staff are worn out by the
end of it.

iii. The method used must be, and must be seen
to be, as far as possible, fair, so that
every candidate feels that he has been
judged on his merits, and not that his
selection or rejection has been based on
favouritism, irrelevancies or luck.

4.10.3.2   Selection test is an instrument

designed to measure selected psychological factors. The

purpose of this measurement process is to enable one to

predict what a person will do in the future.   The factors

measured are usually of the psychological type, such as

ability to reason, capacity for learning, temperament, and

specific aptitude.   To be effective and useful one

should observe certain principles of testing:

a) Tests must be selected or designed on
the basis of a sound job analysis programme.

b) Test selected or designed for use must be
a reliable instrument.

c) Test must possess the characteristic of
validity.

d) Not only is validity specific with respect
to objective, but it is also specific with
respect to the particular business situation.

4.10.3.2.1   Tests may be classified by the type of questions, e.g., objective, descriptive, or projective.   For sketching the nature of psychological testing in business we may classify the various methods as (a) intelligence tests, (b) aptitude tests, (c) achievement tests, (d) interest tests and (e) personality tests.

4.10.3.2.2   Intelligence test is one of the first types developed by psychologists.   Probably this is the most widely administered standardised test.   Intelligence tests try to measure comprehension and reasoning, word fluency, numbers, space, picture arrangement and object assembly.   Recently, psychologists have been moving away from talking in terms of intelligence tests since the concept of intelligence has become increasingly diffused.

4.10.3.2.3   Aptitude tests are generally concerned with the capacity of an individual to learn how to perform a given task.   In other words, it tries to measure whether an individual has the capacity or latent ability to learn a given job if he is given adequate training.

4.10.3.2.4.   Achievement tests are concerned with the extent to which the individual has already achieved the skills and knowledge required to perform the task.

The achievement tests, which are available, for instance,
in mathematics, in engineering subjects, or in accounting
knowledge may be worthwhile components of an industrial
selection test battery.

4.10.3.2.5.   Interest tests attempt to evaluate
the emotional qualities as cues to a person's motivation
and the ways in which he will habitually handle himself
in a job situation.   Most people realize that a person
who is interested in a job or task perform much better
than one who is uninterested.

4.10.3.2.6.   Personality tests probe for the
dominant qualities of the personality as a whole, the
combination of aptitudes, interests, and usual mood and
temperament.   Currently a great deal of attention --
much of it critical--has been directed at the widespread
use of psychological testing, both in industry and in
education.

4.10.3.3   The use of psychological tests in
appraising executive candidates is probably the most
controversial of all personnel procedures.   Many people
feel that such tests have no predictive value, yet there
are just as many who think that psychological testing
can provide a sample of man's behaviour or performance
without an expensive try out on the job.   Psychologists

generally agree, however, that when properly administered and interpreted, tests can make an important contribution to the selection process. If scientifically validated norms are derived, tests can be very helpful in appraising and comparing candidates' qualifications as well as their potential to perform in a satisfactory manner.

4.10.3.3.1 Reliability of a test is a measure of its consistency in results. A test's reliability can be determined by means of a "test-retest" technique, which calls for giving the same test to the same group a week or so later. Sometimes a tests's reliability can be estimated by means of the "split-half" method where two tests are created out of one test. Then the totals derived from the even numbered questions are compared with those from the odd-numbered ones. This method however, is not applicable to tests where speed is of paramount importance.

4.10.3.3.2 Validity means that the test actually measures what it purports to measure. Whether a test for executives is indeed valid for a company can be scientifically verified by trying the test on two groups of employees, one composed of men known to be excellent managers and the other composed of those known to be less satisfactory. If the test is valid, the scores achieved

by the more successful group will be significantly higher than those achieved by the other group. In addition, before deciding that a test has validity, the company should administer the test to all people being considered for the job, with the scores playing no part in actual selection. Some time later, a comparative study should be done to determine whether the successful performers are actually the same people who made the higher scores earlier.

4.10.3.3.3   The results of validity studies on selection tests seem to be inconclusive. Some tests have been shown in particular selection situations to lack validity, while others have been found to possess useful degrees of validity.

4.10.3.3.4   Ghiselli found an average validity coefficient between test and performance of 0.19 in the studies conducted between 1920 and 1966.[51]   The research findings of Lent, Aurbach and Levin[52] and also

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[51]See Ghiselli, E.E., The Validity of Occupational Aptitude Tests, (New York: 1966)

[52]Lent, R.H., Aurbach, H.A., and Levin, L.S., "Predictors, Criteria and Significant Results", Personnel Psychology, (Vol.XXIV, No.4, 1971) pp.519-33.

Smith et.al.[53] further supported this finding. However, a subsequent survey of the studies extended to 1973 by Ghiselli showed the average coefficient to improve to 0.22.[54] In another study Govindrajan used a battery of 12 tests to discriminate between "good" and "bad" mechanics and found that only three tests could do so.[55] Similarly, Monappa and Saiyadain's study on samples from three organizations found a lack of relationship between test scores and performance measures.[56] The values of coefficients ranged from 0.11 to 0.26. Test scores were found to predict neither overall performance nor the specific clusters of performance elements.

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[53]See Smith, et.al, Handbook of the Job Proficiency Criteria, (Columbus, Ohio: 1973).

[54]Ghiselli, E.E., "The Validity of Occupational Aptitude Tests", Personnel Psychology, (Vol.XXVI, No.3, 1973) pp.461-77.

[55]Govindrajan, T.N., "Predictability of a Battery of Tests for the Selection of Mechanics", Indian Management, (Vol X, No.2, 1971) pp.121-25.

[56]Monappa, Arun, and Saiyadain, Mirza, S., "Psychological Tests for Executive Selection", Indian Journal of Industrial Relations, (Vol.XI, No.4, 1976) pp.459-72.

4.10.3.3.5 On the other hand, studies carried out by Chatterjee and Mukherjee during 1970-73 in seven public and private sector concerns showed that test scores predicted performance much better than other selection components.[57] In Kardak's study, a test constructed on the lines of the Wonderlif Personnel Test was administered to 24 junior officers in a bank. The test scores were correlated with confidential reports and the bi-serial coefficient was found to be 0.68.[58]

4.10.3.3.6 Because of poor relationship between the test scores and the first year performance, a number of researchers have suggested looking into alternative methods of tapping abilities so far measured by selection tests. Lipset suggested that information from various selection tools and techniques can be reduced to four manageable aspects of applicants' background: work experience, educational activities, extra-curricular life style.[59]

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[57]Chatterjee, S. and Mukherjee, M., "Modern Objective Tests and Selection in Industry and Training Courses", Lok Udyog, (Vol.VIII, No.5, 1974) pp.1-15.

[58]Kardak, V., "Use of Cognitive Tests in Predicting Performance of Trainees in Bank's Staff Training College", Indian Management, (Vol.X, No.1, 1971) pp.23-28.

[59]Lipset, R., "Selecting Personnel without Tests", Personnel Journal, (Vol.LI, No.4, 1972) pp.648-54.

These could differently predict the performance of an

employee. He, however, cautioned that if valid tests

were readily available it would be appropriate to use them.

Wernimont and Kirchner suggested an alternative in terms

of relying on the accumulated experience of management

personnel in making selection.[60] Suggestions for alter-

native methods to test have arisen probably because the

outcome reflects insufficient preparation for a testing

programme. To be meaningful, selection tests require

organizations to have established their own norms for

various samples and levels, have frequent updating of tests,

and organise training programmes for administrators.

4.10.3.3.7 Dropping tests from selection does

not solve the problem, but may increase it. As O'Leary

points out: "An employer who discontinues valid employ-

ment test not only increases expense by high employees

turnover and poor performance but he may increase the

probability of unfair employment practice through human

judgement"[61]. However, those seriously interested in

[60]Wernimont P.F., and Kirchner, W.K., "Practical Problems in the Revalidation of Tests", Occupational Psychology, (Vol.XLVI, No.1, 1972) pp.25-80.

[61]O'Leary, L.R., "Is Employment Testing a Thing of the Past?", Personnel Journal, (Vol.LI, No.2, 1972) pp.170-72.

selecting the right personnel have to put in extra
efforts to be sure that the tests that they use really
help them to make a valid selection decision.

4.10.3.3.8   Existing research in selection
has been essentially an analysis of the job requirements
of the individual's skills, abilities and knowledge, and
a prediction of the "fit" between the individual and the
job.   With a theoretical framework of fitting a round
peg in a round hole, research has been largely concerned
in measuring the characteristics of "pegs" and "holes",
identifying predictor variables and criteria, and in pro-
blems relating to the validity and reliability of measures.

4.10.3.3.9   Over the years this type of rese-
arch has not yielded any useful results.   There is no
significant improvement in our ability to predict who will
make a better executive and who will rise faster in the
organization.   If executives selection is defined as
"the identification of those people who can and/or will
achieve a job level at or near the top of an organisat-
ional entity, then it can be said that no tests or pro-
cedures developed so far have yielded results better than
the fallible judgement or wise and experienced executives".[62]

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[62]Tagiuri, Renato, (ed) Research needs in Exe-
tive Selection--A Symposium (Boston: 1961) p.ii.

4.11.0 INTERVIEW

4.11.1   The personal interview continues to be the most widely used method for selecting employees, despite the fact that it is a costly, inefficient and usually invalid.   It is often used to the exclusion of far more thoroughly researched and validated procedures. Even when the interview is used in conjunction with other procedures, it is almost always treated as the final hurdle in the selection process.[63]

> ". . . The trouble with interviews is that
> reactions of the interviewer tend to be
> subjective and patterned in his own image.
> The blustery executive is likely to react
> negatively to an equally dominating inter-
> viewee, either out of instinctive fear of
> competition or because of his need to 'rule the
> roost'".[64]

4.11.1.1   In spite of the various criticisms, the interview holds a central place in any recruitment procedure.   This is not to deny its unreliability as a

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[63]Dunnete, D and Bass, B.M., "Behavioural Scientists and Personnel Management", Industrial Relations (Vol.II No.3, 1963) pp.115-30.

[64]Lawton, Esther C., "Identifying Executive Potential: Methods of Testing and Assessing", in Tailer B. and Lippitt, G.L., (eds) Management Development and Training Hand Book, (London: 1975) p.46.

selection method. It is enough to say that the inter-
view serves four functions:

i) A means of gathering together infor-
mation provided by application forms,
tests, group procedures and of going
into more detail about points thrown up
by them.

ii) A means of checking information given
on the application form.

iii) The opportunity to answer questions
about the job and the company.

iv) The opportunity to put across to the
candidate a positive impression of the
company.

The first two functions relate to the select-
ion aspects of interviewing, the last two to its public
relations aspects.

PART   II

4.12.0   THE BOARD OF DIRECTORS

4.12.1   The constitution and composition
of the Board of Directors of public enterprises have
been a problem from the very beginning of the entry of
the Government into the commercial and industrial field.
The constitution and composition are matters of vital
importance because the Board represents the body corporate

and is directly responsible for the resources invested
in any enterprise and its efficient and successful working.
The responsibility for the proper running of a Government
enterprise is the responsibility squarely of the Board
and it is through the Board and to the Board that every-
one else can be responsible for the management of the
enterprise or of any part of it.[65]   An organisation
whether public or private, which calls for "energy, drive,
enterprise, and specialised management must have a com-
petent Board of Directors.[66]   It must be composed of
"the best brains that we can secure", and for this "we
must insist upon all members being of business ability
and capacity".[67]

4.12.1.1. An examination of the Articles of
Association of the different companies shows lack of uni-
formity, at least ourwardly, in the matter of appointment
of Directors.   Most of the Articles of Association

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[65]Khera, S.S., Government in Business, (New
Delhi: 1977) p.79.

[66]Gorwala, A.D. (Government of India) Report on
the Efficient Conduct of State Enterprises, (New Delhi:
1951) p.19.

[67]House of Commons Debates, (London), Vol.CCL.
Cols. 54-55, Quoted in Paranjepe, H.K., op.cit. p.122.

stipulate that the Governor shall be the appointing

authority. In some of the companies as for example in

Keltron, the Government is the appointing authority.

Article 72 of the Articles of Association reads as fol-

lows:

> "Unless otherwise determined by the Govern-
> ment the number of Directors and such whole-
> time Directors as the Government may consider
> necessary, shall not be less than two and not
> more than this nine. All the Directors
> including the whole-time Directors shall be
> appointed by the Government."[68]

4.12.1.2 In certain other companies the Gover-

nor is the appointing authority, but subject to certain

conditions stipulated in the Articles of Association

itself. Article 79 of the Kerala Tourism Development

Corporation reads as follows:

i) The number of Directors including the
Chairman and the Managing Director shall
not be less than two and shall not be
more than 15.

ii) The number of ex-officio Directors shall
not be more than nine.

iii) The number of ex-officio Directors shall
not be less than two, one of whom shall be
the Finance Secretary to Government or his
nominee.

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[68]Articles 72, Articles of Association, Kerala
State Electronics Development Corporation,Ltd., (Trivandrum,
1972) p.13.

iv) The Directors are not required to hold
any qualification shares.[69]

4.12.1.3   In Kerala Land Development Corpo-
ration the Articles specify certain conditions of appoint-
ments.   Article 18 of the Association stipulates that
"the Chairman, the Managing Director and the Director in
charge of Finance and Accounts shall be appointed from
among the experienced Government officers and shall be
full time Directors".[70]

4.12.1.4   In the matter of appointment to the
Board, whether it is to be done by the Government or
Governor, in practice all appointments are made by the
Government, which may mean the party/parties in power.
And the appointments are made invariably without consult-
ing the Board.   This practice often leads to slap-dash
Director Board.

4.12.2   Size of the Boards

The size of the Board varies from 3 to 19.
Table 4.5 shows the size of the Board of Directors in the
different companies.

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[69] Articles 79, Articles of Association, Kerala
State Tourism Development Corporation Ltd., (Trivandrum,
1970) p.15.

[70] Art. 18, Article of Association, Kerala Land
Development Corporation Ltd., (Alleppey, 1972) p.4.

Table 4.5

Size of the Board of Directors
(as on March 1981)

Actual size of the Board	No. of Companies
3	1
4	2
5	3
6	3
7	1
8	6
9	8
10	6
11	11
12	3
13	2
14	2
15	1
19	1
	50

Source: Registrar of Companies, Ernakulam.

From the table 4.5 it is seen that about 70 per cent of the companies have Boards with more than eight persons serving on it. It is further observed that in the majority of the companies the actual size of

the Board ranges from eight to eleven.   The average size
of the Board, taking all the public enterprises together
is 9.5.   The number of Directors required on a Board has
to be flexible and is a matter to be decided for indi-
vidual enterprises.   The Estimates Committee has advo-
cated for a Board of three to four members, one being the
Chairman.[71]   The Krishna Menon Committee has recommended
a small Board consisting of five to nine members depending
upon the size and nature of the enterprise.[72]

4.12.2.1   Even though these expert opinions may
not be exactly applied in the case of companies like Kerala
State Industrial Development Corporation Limited, Small
Industries Development and Employment Corporation Limited,
etc., by and large, the Board of Directors of public sector
companies in Kerala tend to be larger than those envisaged
by experts.   Generally speaking, if a large Board has the
advantage of getting the benefit of a wider and varied
talent, it may suffer from the defect that the spirit
necessary for joint deliberations is lost.   Therefore,

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[71]Estimates Committee, Lok Sabha, Report on
Organization and Administration of Nationalised Industrial
Undertakings, (New Delhi, 1955) para 7.

[72]All India Congress Committee, Report on Parlia-
mentary Supervision over State Undertakings, (New Delhi,
1959) p.9.

"a Board could not have so many Directors as to make free discussions impossible nor so few that the necessary breadth of view point is not obtainable."[73]

4.12.2.2   In almost all the companies the tenure of appointment to the Board of Directors is not fixed and is to be decided by the appointing aurhority.   They are to serve on the Board at the pleasure of the Governor or Government.   Only in rare expeptions like the Kerala Land Development Corporation Limited the tenure has been specifically mentioned as three years.[74]

4.12.2.3.   The short tenure brought about by changes in the officialdom and also in the political set up has resulted in a fast turnover of the Board members. It may be shocking to observe that as many as 43 different Directors served on the Board of the Kerala State Civil Supplies Corporation in less than an year, from 29.12.1979 to 22.12.1980.   The turnover of the Board in one year is seven times since the actual size of the Board is kept at six.

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[73]National Industrial Conference Board, The Corporate Directorship, (Conference Board Reports, New York, 1954) p.4.

[74]Art. 18 of Articles of Association of Kerala Land Development Corporation Limited, loc.cit.

4.12.2.4   The appointment of the members to
the Board and the reconstitution of the Board are not
subject to any rules, regulations, reason or logic except
that of political expediency.   This tendency became more
predominant after the mid-sixties.   The reason for this
is not perhaps, too far to seek.   It appears to be the
inevitable consequence of the coalition politics and the
quick turnover of cabinets.

4.12.2.5   This fast turnover of the membership
of the Director Boards has been a particularly weak spot
of the public sector enterprises and it has affected adver-
sely the effectiveness of management.   In fact, as some
people feel that there is a direct correlation between the
stability of the Board and success of the organisation.

4.12.3   Composition of the Boards

In the Boards of public sector concerns in Kerala,
of the total positions available, the major portion has
been occupied by government servants.   It is perhaps
due to their influence on and the proximity to the poli-
tical executive.   Table 4.6 shows the break up.   From
Table 4.6 it can be seen that out of the 476 director-
ships 219 (46.02%) have been occupied by government
officials.   Of these, All India Services like the Indian
Administrative Service shared 70 (14.7%), the Indian Police

Table 4.6

Total Number and the Break up of Directorships

(as on March 1981)

Description	Number	Per-cent.
1. Government Officials:		
i) All India Service: 87 (18.27%)		
a) IAS - 70 (14.7%)		
b) IPS - 6 (1.26%)	219	46.02
c) IFS - 11 (2.31%)		
ii) State Government service: 132 (27.75%)		
2. Politicians & Social Workers	122	25.63
3. Professions Service - 56 (11.76%) Creditors' Nominees - 12 (2.5%)	68	14.28
4. Industrialists	28	5.88
5. Others	39	8.19
	476	100.00

(Total number of occupied directorships = 476)

service six (1.26%) and the Indian Forest Service 11 (2.31%)
or, in total the All India Services occupy 87 (18.27%)
directorships. The State Government officials occupied
132 (27.75%) positions. The next largest group was
the politicians and social workers. Their share has

been 122 (25.63%). In other words, the politicians

and social workers and government officials occupied 341

(71.65%) positions leaving out only 28.35 per cent to be

filled by professionals and people representing other

interests. Professionals including the creditors' nomi-

nees occupied only 68 positions (14.28%). There were

about 28 positions (5.88%) filled in by industrialists

and the rest 39 (8.19%) by others.

4.12.3.1 It is also noteworthy that some of the

senior government officials hold multiple directorship.

Table 4.7 clarifies the position.

Table 4.7

Multiple Directorships held by Government
Officials
(as on 1981 March)

Designation	Number
1. Additional Secretary, Industries Department	13
2. Additional Secretary, Finance Department	7
3. Director of Industries & Commerce	6
4. Commissioner & Special Secretary, Industries	6
5. Secretary, Industries Department	6
6. Agriculture Production Commissioner	6
7. Chief Conservator of Forests	4
8. Secretary, Finance Department	4
9. Deputy Secretary, Industries Department	4
	56

From Table 4.7 it can be seen that 56 director-
ships are occupied by just **nine** officials. Kamla Choudhary,
has pointed out "The pattern of management in public enter-
prises also is similar in many ways to that of the managing
agency or that of subsidiaries of foreign firms. Autho-
rity is centralised, and key positions are given to civil
servants whose major experience has been in government
rather than in industry."[75]

4.12.3.3 It is a matter of commonsense that
full time officials, holding part time directorships in
several companies at a time, may not be in a position to
do justice to any of their assignments. This trend of
sharing of positions among themselves is, perhaps, remini-
scent of the practices prevailing under the managing agency
system. It would appear that certain officials in dif-
ferent departments of the Kerala Government have deve-
loped a tendency to be a new version of managing agents
in the public sector.

4.12.3.4 One major finding is that very few
companies have sufficient professionals in the Board.
The United Electricals Limited had 67 per cent (4 out of
6), Travancore Cochin Chemicals had 55 per cent (6 out of
11), Kerala Electronics Development Corporation Limited

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[75]Chowdhry, Kamla, Changes in the Organizations,
(Bombay: 1970) p.19.

had 50 per cent (5 out of 10) professionals on the
Board as on March 1981. Of the companies studied in
ten companies Government officials dominate to the extent
of 50 to 100 per cent of the Directorships. Table 4.8
gives the details.

Table 4.8

Companies wherein Government Officials are
Predominant in the Board of Directors

(as on March 1981)

		Board of Directors		%age of offi- cials
		No. of Govt. Officials	Total	
1.	Kerala Forest Development Corporation	9	9	100
2.	Kerala State Construction Corporation	8	8	100
3.	Kerala Autombbilies Limited	3	3	100
4.	Rehabilitation Plantation Corporation	8	9	89
5.	Forest Industries (Trav.) Ltd.	7	8	88
6.	Kerala Premo Pipe Factory Ltd.	8	10	80
7.	Kerala State Industrial Enterprises	8	11	73
8.	Scooters Kerala Limited	5	6	83
9.	Kerala State Coconut Develop- ment Board	7	12	58
10.	Kerala State Industrial Development Corporation	7	14	50

4.12.3.5 As is evident from the Table 4.9.,

Table 4.9

Companies wherein Politicians Predominate in
the Board of Directors (as on March 1981)

| Name of Company | Board of Directors | | %age of politicians |
	No. of Politicians.	Total	
1. Kerala State Financial Enterprises Limited	8	11	73
2. Kerala State Cashew Development Corporation Limited	7	10	70
3. Kerala Urban Development and Finance Corporation Limited	6	9	67
4. Kerala State Coir Corporation Limited	7	11	64
5. Kerala State Development Corporation for SC & ST Limited	7	11	64
6. Kerala Tourism Development Corporation Limited	9	15	60
7. Kerala Land Development Corporation Limited	4	7	57
8. Kerala State Bamboo Corporation Limited	5	9	56
9. Kerala Agro Industries Corporation Limited	6	11	55
10. Handicrafts Development Corporation of Kerala	6	11	55
11. Kerala Livestock Development and Milk Marketing Board	7	13	54
12. Foam Mattings (India) Limited	7	13	54
13. Plantation Corporation of Kerala Limited.	5	10	50

politicians occupy between 50 to 73 per cent of the total directorships.

4.12.3.6 To sum up, Director Boards of 23 companies are dominated by Government officials and politicians, and only three companies are dominated by the professionals. Again it is observed that in 15 companies the officials and politicians together occupy 80 to 100 per cent of positions.

4.12.4   The much talked about worker participation in management is not reflected in the composition of the Board of Directors of the Government companies. There is, however, one exception worth mentioning. In the Kerala Fisheries Corporation, two of its employees, one senior assistant and a worker have been nominated to the Board. In many other companies 'politician-cum-professional trade uion leaders' manage to represent the workers in the Board.

4.12.5 It is also observed that a few sitting legislators are also in some Boards. Gorwala disapproves appointment of members of the legislatures not only in order to avoid overlapping of responsibility but also from the point of view of maintaining the integrity of political life.[76] The Krishna Menon Committee came to the

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[76]Gorwala, A.D., (Government of India) Report on the Efficient Conduct of State Enterprises, Op.cit.p.19

conclusion that appointment of legislators to public
enterprise boards "is altogether an unhealthy practice
and is difficult to justify."[77] Based on this, the Govern-
ment of India has now made it a general policy not to
appoint legislators in the Board. Kerala Government has
yet to take a firm decision in the matter.

4.12.6 A problem militating against an eco-
nomical and efficient management of the public sector
concerns is political patronage in the appointment of the
members of the Board. Members of the board are appointed
by the Cabinet not because of any requisite qualification
or experience but largely because of political reliabi-
lity and expediency. Although it may be said that the
Chairman and the Managing Directors are good in themselves,
often they may not have the specialised knowledge and
experience which their position demands. The result is
that they were unable to carry out their duties effectively.

4.12.6.1 But the civial servants are, by
training and experience, service oriented rather than profit
oriented and are, therefore, cautious, and averse to
taking the risks necessary for the success of a commercial

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[77]All India Congress Committee, Report on
Parliamentary Supervision over State Undertakings, op.cit.
p.11.

undertaking. Because of frequency of change in posting, they are unable to develop any sense of identification with the corporation. Indeed, by the time they get acquainted with the problems of any corporation, they are moved to another, and sometimes higher jobs in their parent department. Finally, and much more important, there is a tendency for them to act as watch dogs rather than as planners. To be sure they tend to apply civil service methods and procedures to the corporation in their commercial operations, and this has the effect of emasculating their initiative.

4.13.0 THE OFFICE OF THE CHAIRMAN.

4.13.1 The office of the chairman in most of the public sector undertakings is a 'part time' one. If it is a part time office, it does not carry a salary though in some cases, the person may be paid an honorarium. He may also get other perquisities such as company car, free telephone at office and/or residence, etc. In a few concerns the chairman does not even have an office at the head office of the company, even though this is rare. The chairman's job, in such cases, is reduced to that of certain ceremonial duties and presiding over the meetings of the Director Board. He may visit the branch offices of the company here and there and now and then,

but this may usually be only when accompanied by the Managing Director or other senior officials from the head office.

4.13.2   There are certain companies where the chairman is also the Chief Executive.   The notable instance is the Kerala State Electricity Board.   In some other enterprises the chairman may combine the office of the Chief Executive also.   This is the case with the Kerala State Road Transport Corporation (KSRTC) and the Travancore-Cochin Chemicals (TCC) where the two offices have been combined in the same person over the last four years.   In the Kerala State Industrial Development Corporation (KSIDC) also, the two offices have been combined since 1982.   But, it may be noted that in all these cases, the chairmanship were held by different persons, by a part time chairman and a full time Chief Executive, previously. When the Small Industries Development and Employment Corporation (SIDECO) was reconstituted in 1975 a new type of Chairmanship - the Executive Chairman - was created.   The Executive Chairman exercised certain key executive powers, but was holding full time charge of the Industries Secretaryship in the Secretariat and the part time chairmanship of a local development authority.   He was not, therefore, certainly full time chairman of SIDECO, but had wide executive powers.   The situation was reversed and a part

time non civil servant chairman held office when the
government changed.

4.13.2   All these indicate that the office of
the chairman does not follow a fixed pattern, though as
noted earlier the general practice is that of a part time
chairman.   During the early years such part time chair-
manship lay wholly with the civil servants.   These civil
servants would be very senior officials in government, quite
senior to the Chief Executive over whom he could therefore,
exercise some 'authority'.   The idea of noncivil service
chairman came later.   This happened in a large way in
the late sixties and early seventies.   The Chairmanship
of corporations came to be offered as consolation prize
to those who failed in an election or who could not be
given a ticket in the election or even to a legislator
who could not be accommodated in the Government.   This
practice which began only guardedly and carefully and
only in very rare instances at first, became a regular
practice subsequently and was even made into a regular
governmental policy subsequently.   The differences among
the parties in power at different times have not made any
difference to the policy and practice over the last decade
and more.   In fact, when coalition government is in power -
as Kerala has been continuously having since barring for

a few breaks of President's rule - it is common practice
that the "liaison committee" or "coordination committee"
sits down and makes out an elaborate division of the
chairmanships and Director Board memberships among the
different parties in the ruling coalition. Each member
of the ruling coalition would then nominate a person for
each office whom the government appoints. Only a few
corporations still have civil servants as chairman and still
fewer have professional managers occupying the office.

4.13.3   With such wide variations in the
nature of the chairmanships it would be difficult to make
any generalisation about the nature of the authority of
the office. The authority or influence would be essen-
tially based on the type of person occupying the office
and his relationship with the chief executive. If the
chairman is of high stature, held in great esteem, con-
sidered quite competent and knowledgeable and is influ-
ential he is likely to be more than a ceremonial head.
He could "govern" though not rule. He could "advice,
warn and direct". If it is a senior civil servant who
is chairman and especially he is the Secretary to Govern-
ment in the same Ministry under which the corporation
functions, and if the chief executive is a junior civil
servant the nature of the relationship can be imagined.

If it is a professional person the relationship will be
more equal and an effective working relationship can be
established.

4.13.4 Selection of Chief Executives

4.13.4.1 The chief executive - Managing Dire-
ctor or the General Manager as the case may be - is gen-
erally a full time employee and a paid official. He is
responsible to the Board of Directors for the day-to-day
administration of the enterprise. He may be authorised
by the Board to exercise such powers and responsibilities
in relation to the affairs of the company as defined in the
Articles of Association and as delegated to him from time
to time by the Board.

4.13.4.2 The chief executive must have real
autonomy within the framework of general rules laid down and
must be held responsible for the results. The flexibi-
lity of operation will be possible only if he enjoys auth-
ority - commensurate with the responsibility. Again,
for the proper discharge of his responsibilities the chief
executive must be in charge of the undertaking for a
reasonably long period of time, so that he gets an inti-
mate knowledge of the problems and prospects of the
enterprise.

4.13.4.2   The appointment of the chief executive is the exclusive privilege of the government in all State public sector undertakings.   They are appointed by government not in consultation with the Board and not certainly by or through the Board.   Their emoluments and other terms and conditions of service are also prescribed by the government.

4.13.5 Empirical Evidence.

4.13.5.1   It is worthwhile here to sum up the result of the survey conducted in March 1981 regarding the appointment of the chairmen and chief executives of the public sector companies in Kerala.   The number of persons belonging to each of the category namely All India Service, Professionals, State service, Politicians, Retired Civil Servants were found out.   The composition of Chairmen and Chief Executives of these concerns was investigated and the findings are given in Table 4.10.

Table 4.10

Composition of Chairmen and Chief Executives
of Public Sector companies in Kerala

(as on March 1981)

	Category	Chair-man	%	Chief Executive	%
1.	All India Service*	30	40.00	16	21.33
2.	Professionals	13	17.33	33	44.00
3.	State service (on deputation	7	9.33	26	34.67
4.	Politicians	22	29.34	-	0.
5.	Retired Civil Servants	3	4.00	-	0
		75	100.00	75	100.00

* All India service includes IAS, IPS & IFS.

4.13.5.2   Table 4.10 shows that 30 (40%)

out of the 75 chairmanships were held by the people from

the All India Services.   Again, out of the 30, the share

of the Indian Administrative Service was 20 (66.67%)

and Indian Police Service 10 (33.33%). On closer obser-

vation, it was also seen that one IPS Officer was holding

as many as eight chairmanships at the same time.   One

IAS Officer was the Chairman of two companies at a time.

The State service officers shared 7 (9.22%) of the chair-

manships.   Of this one held three and another two positions.

Professional politicians occupy 22 (29.34%) positions out of 75. Two politicians held two chairmanship each simultaneously. Retired civil servants shared 3 (4.0%) out of 75. From the above, the predominance of the civil service in managing the fate of the public sector undertakings is clear. Politicians also occupy a dominant position in the management of the public sector. The professionals occupy only the third position in this regard.

4.13.5.3 While the professionals occupied only 13 (17.33%) chairmanships they had a better share of chief executiveships, i.e., 33 positions (44.0%) out of 75 of the total. The All India Services have only 16 (21.33%) positions as Chief executives, while they occupied as much as 40% of the Chairmanships. But the State service officials were seen to have better chances as chief executives as they occupied 26 (34.67%) out of 75 positions. In short, the key positions in the Kerala public sector undertakings are shared mostly by civil servants and to a very small degree by professional managers.

4.13.5.4 An interesting observation is that there are only two positions of chief executives held by personnel from within. At present, most of the top positions are filled up from outside either on deputation

from the All India Services and State service, or from
outside organisations.   It is very clear that there is
no conscientous effort to develop managers from within.
In many of the enterprises which were established even
before independence, the top positions continue to be
filled with outsiders.   It is necessary that efforts
are to be made to train and develop chief executives from
within the enterprise.

4.13.5.5   Like appointment, transfer of chief
executive is also decided by the government.   Once a
general manager who is on deputation from government is
appointed and even if he is doing his job well, it is
open to government to transfer him without seeking the
concurrence of the Board of Directors.

4.13.6   It is needless to say that frequent
transfers of key personnel, particularly the Managing
Directors/General Managers has the adverse effect of
disturbing the general performance of the units.   It is
not surprising to see that such transfers even go to the
extent of spoiling the morale of the entire organisation.[78]

4.13.6.1   Selection of a successor to the
chief executive is a difficult problem.   The importance
of this process to long range success of any organisation

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[78]Pillai, Gangadharan, V., _The Public Sector_
in Kerala (Trivandrum, 1980) p.173.

is obvious.   Planning for succession to the top posi-
tion should begin almost immediately after one chief
executive has taken over.   It is wise for an organi-
sation to have options, but to keep its options open till
the very end is not certainly a healthy practice.   To
quote the Report of the Committee appointed by the Govern-
ment of Kerala:

> ". . .Even for the succession plan for chief
> executives, action is initiated only at the
> last minute.   One good example of a company
> evolving proper succession plans in Kerala is
> Cochin Refineries.   There, the Managing-Dire-
> ctor-designate comes one year before taking
> over and works as understudy to the Managing
> Director.   This is the philosophy that is
> prevalent in Philips Petroleum Company.   It
> is very necessary to educate all concerned
> about the importance of management succession,
> not only at the chief executive level but at
> other levels also.   A good manager is one
> who is not merely successful in his executive
> position, but one who has recognised management
> succession as an important responsibility and
> has accordingly trained and developed managers
> below him to undertake higher responsibilities."[79]

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[79]Government of Kerala, _Report of the Commit-
tee on Management Development of Public Enterprises in
Kerala_, op.cit. p.8.

4.13.7   In the ultimate analysis, the effi-
cient conduct of an enterprise depends more on the per-
sonnel placed in charge of it and the framework within
which they are allowed to operate and upon rules, proce-
dures or techniques.   It is worthwhile to note what
Prof. Hanson says on this problem.   "The essence of
good management is leadership, and leadership is a matter
not merely of issuing orders, but of convincing those to
whom they are issued."[80]   In the first place, a General
Manager must get himself well acquainted with his worker
force.   In other words, he must know his people, their
aspirations, their difficulties and tendencies and their
job assignments.   He should look into their problems
through their eyes and analyse them with the help of
available resources.   He should convince his workers
that he is for them, and not against them.   This requires
great convinving capacity on the part of a General Manager.
The present practice of appointing officers on deputation
to manage the affairs of the public undertakings, has
not yielded satisfactory results in many cases.

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[80]Hanson, A.H., Managerial Problems in Public
Enterprises, op.cit. p.73.

4.13.8   The problem of filling the key mana-
gerial posts still has not yet been resolved in spite of
the best efforts of the Governments during the last sev-
eral years, both at the Centre or State level.   It is
disheartening to note the recent press reports on the
appointments in the Central Government concerns.

> ". . . Public sector enterprises are feeling
> the strains of expansion in the areas of
> manpower especially at the top level.   Many
> units are topless, some of them for over four
> years now.   According to a recent statement
> in the Lok Sabha, 71 top posts in the public
> enterprises - Chairman, Managing Directors and
> Functional Directors - were vacant as on
> March 31 last. . . . The situation will become
> more critical in the coming years with the
> expected massive investment in the core
> sectors."[81]

4.13.9   In the early stages of development
of a public undertaking the appointment of a senior civil
servant to a public undertaking had its advantages.   Many
officials having competence and drive besides administrat-
ive and managerial experience and abilities prove helpful
to the new projects, especially for negotiating with the
Central and the State governments in the processing of

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[81]Editorial, Indian Express, (Cochin) 14 th April
1981.

administrative details regarding the setting up of the
project. They thus provide the necessary link with the
administration. But continuous dependence on this
source has led to a general criticism.[82] The conti-
nued reliance on the policy of sending persons on depu-
tation to the public undertakings has its disadvantages
in several ways. The most important of such disadvan-
tages is that they bring with them what is called 'civil
service culture' as against the 'industrial culture'.
Established bureaucratic methods of office procedure come
to be adopted which lack flexibility and carries an
obsessive concern for rules than for getting things done.
The civil servants deputed to public undertakings have
as been rightly observed a tendency to follow civil ser-
vice rules and regulations and the "result is a slow-
moving bureaucratic set-up, so frustrating to able mana-
gers that they sedulously avoid the public service and
seek their fortune in the private sector."[83]

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[82]Appointment of civil servants on the Boards
of public corporations (UK) had also been subjected to
criticism in the House of Lords. See Robson, William,
A., Nationalised Industry and Public Ownership, (2nd ed)
(London: 1962) pp.217-18.

[83]United Nations, Seminar on Management of
Public Industrial Enterprises, op.cit. p.15.

4.13.10 A further objection against the system of getting government officials into executive positions in the public undertakings is that such officers generally have no stake in the undertaking and can hardly be expected to put in their best. They may fail to develop a feeling of permanent attachment to the undertaking and may not identify themselves with its problems.[84] In all fairness to civil servants it must be pointed out that the issue here is not a question of their competence as executives. Perhaps their preconditioning as professional public servants make them feel more comfortable to work within these procedures rather than strive to get them changed. An additional problem that arise is that such officers on deputation are likely to have shorter tenures which makes it difficult for an officer to acquire proper knowledge of the undertaking and also results in wastage of the experience and intimate knowledge gained by him. This is more

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[84]Estimates Committee (Third Lok Sabha), Fifty Second Report on Personnel Policies of Public Undertakings, (New Delhi: 1965) pp.55-56; Estimates Committee, (Kerala Legislature) First Report on Industries Department, (Trivandrum, 1969) p.23.

true of a complex project. Moreover, it is a costlier arrangement as, according to the general terms of deputation, such employees may elect to draw the pay of the deputation allowance.[85] Further, such an arrangement is likely to affect the promotion prospects of the regular employees of the undertakings. Finally, their appointment has a diluting effect on the administration of their parent departments.

4.13.11 The Estimates Committee of the Lok Sabha[86] and the Administrative Reforms Commission[87] did not approve even associating senior officials with Boards of Directors of public undertakings or appointing them to top positions. Though the government of India has not imposed any ban on deputation, its policy seems to be one of reducing dependence on civil services.[88]

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[85]Estimates Committee (Third Lok Sabha), Fifty-Second Report, op.cit. p.56

[86]Ibid., p.6

[87]Administrative Reforms Commission, Government of India, Report on Public Undertakings, (New Delhi: 1969) p.148.

[88]Ministry of Finance, Government of India, Annual Report - 1977-78, (New Delhi: 1978) p.21

The government, therefore, has asked the deputationists either to resign from government service and be absorbed permanently or to revert to the parent cadres. In Kerala no such policy decision has yet been taken.

4.14.0 SELECTION - SENIOR MANAGERS

4.14.1 It is universally recognised that one of the main functions of a Board is to secure competent executives to operate the enterprise and to ensure the continuity of able management.[89] For the successful operation of an enterprise it is, therefore, essential to allow the Board a large measure of autonomy in hiring, 'firing', fixing terms and conditions of service of those who are expected to carry out its policy. Selection means both internal promotion in which the position is offered to a qualified employee with potential for executive responsibility and external selection whereby candidates are recruited from outside the company and screened to fill a vacancy.

4.14.2 A policy of promotion from within is generally considered to be in an organisation's best interest. It may be a useful policy and an effective

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[89]Baker, J.C., Directors and Their Functions, (Cambridge, Mass.: 1945) p.13.

administrative procedure helping to ensure that people in

key positions will have an applicable background of experi-

ence in, and knowledge of, the organisation. It provides

an opportunity for people to rise in the organisation and

ensures that qualified employees will be considered for

promotion when opportunities arise, if they are qualified.

> ". . . Filling a job opening from within the
> firm has the advantages of stimulating prepa-
> ration for possible transfer or promotion,
> increasing the general level of morale, and
> providing more information about job candidates
> through analysis of work histories within the
> organisation. In addition it avoids the
> problem of people coming in one door of the
> firm while highly similar talent leaves by
> another."[90]

But, "an organisation which promotes only from

within may eventually reach the stage of the rail-roads

where it is said when the president retires, an office

boy is hired."[91]

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[90]Flippo, Edwin, B., Principles of Personnel
Management, (4th ed) (Tokyo: 1976) p.131.

[91]Mandell Milton, M., The Selection Process,
(Bombay: 1970) p.41.

4.14.2.1   Commonsense suggests, therefore, that organisations should seek the stimulating effects of new blood by selecting candidates for executive positions from external sources as well as internal ones.   It is generally agreed that there is need to broaden the range of recruiting, to strike a balance between internal recruiting and attracting new people from outside.   Recruiting that is done solely through promotions from within the organisation, transfers, and other internal involutions can be carried too far for a company's good.   The inevitable result is that management will become inbred, insulated and smug.

4.14.2.2   If the management is concerned with search for talent and committed to promotion from within, it would hardly be able to avoid an appraisal system, notwithstanding the considerable number of difficulties in appraising individuals.   The need for an appraisal system is even greater in high technology based industries, which most public sector enterprises are, because the individual initiative to learn and to adjust to the requirements of changing technology is greater, and upon this adjustment depends the stability and growth of the enterprise.[92]

[92]Dayal, Ishwar, "Cultural Factors in Designing Performance Appraisal Systems", in Bolar Malathi (ed) Performance Appraisal, (New Delhi: 1978) p.40.

4.14.2.3   How effectively a manager will per-
form on the job cannot be predicted by the number of deg-
rees he holds, the grades he receives in school, or the
formal management education programmes he attends. . . .
Managers are not taught in formal education programmes
what they most need to know to build successful careers
in management.   Unless they acquire through their own
experiences the knowledge and skills that are vital to
their effectiveness, they are not likely to advance far
up the organisational ladder.[93]

4.14.2.4   Wilson Randle analysed three thous-
and executives in order to determine how to identify pro-
motable executives, he describes eight characteristics
called "universals" which meet the criteria for promota-
bility in all executives.   In addition, Randle found cer-
tain other characteristics which tend to discriminate
between promotable and unpromotable individuals.   This
study makes an important contribution to the continuing
search for that combination of human qualities which makes
for a successful executive. [94]   Regular assessment of

[93]Livingstone, J. Sterling, "Myth of the Well-
Educated Manager", Harvard Business Review,(Vol.XIL No.1
1971) pp.79-89.

[94]Randle Wilson, C., "How to Identify Promotable
Executives", Harvard Business Review, (Vol. XXXIV, No.3,
1956) p.126.

manager's performance and potential, accompanied by appropriate opportunities for training and experience, will, on the one hand, assist men to equip themselves for the higher level jobs, and, on the other, help the enterprises' managements to identify possible successors to jobs at all levels.[95]

4.14.3   The Executive Appraisal System.

4.14.3.1   An appraisal system in an organization has to be consistent with its managerial styles.   In fact, managements have to make clear choices about their managerial styles and their beliefs and approaches vis-a-vis employee development and work organisation and institute personnel appraisal systems within such a framework. The appraisal system, its objectives and mechanics require definite formulation, and the process, particularly the human response, continuous attention.   A performance appraisal system is a sub-system of the personnel system, which, in turn, is a sub-system of the total organisational system.   As such, any consideration of performance appraisal systems must be in the context of the organizational and personnel systems as they obtain.

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[95]Sharma, Aravind, K., Management Development in Public Enterprises, op.cit. p.26.

4.14.3.2 McGregor had suggested that the sup-
erior and subordinate should agree on what the subordinate
should achieve and the evaluation should be based on what
was in fact achieved, also taking into account the reasons
for failure to achieve some of the agreed tasks.[96] There
are several variations to this approach in developing the
appraisal system, notably from Huse,[97] Brown[98] and
Whisler.[99] A feature common to all these systems is that
both the superior and the subordinate have knowledge of
the measures to be used for evaluating the subordinate's
work and in most cases these measures can be applied with
equal facility and understanding by both.

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[96]McGregor Douglas, "An Uneasy Look at Perform-
ance Appraisal", Harvard Business Review, (VolXXXV, No.3,
1957) pp.89-94.

[97]Huse F.E. and Kay, E., "Improving Employee
Productivity Through Work Planning", in Blood, J.W.,(ed)
The Personnel Job in a Changing World, (New York: 1964)
pp.298-315.

[98]See Brown M. Andrew, Management Development
and Management by Objective for the Line Manager, (Bombay,
1970).

[99]See Whisler, T.L.,and Harper S. R. (ed)
Performance Appraisal, Research and Practice, (New York:
1962).

4.14.4. The Promotion System.

4.14.4.1 Public enterprises, particularly the Government companies, have been largely free in framing their own promotion policies. Many public enterprises have not even framed promotion rules. In some, the promotions are made by an officer in his individual capacity, in other cases, they are made on the basis of recommendations of the Departmental Committee or Selection Board; in some cases promotions are also made on the basis of seniority irrespective of qualifications necessary for the post to which promotion is to be made. This diversity of systems and rules leads to anomalies which result in discontentment, lack of team spirit, lowering of morale, and decline in efficiency.

4.14.4.2 A sound promotion policy is a matter of great importance both for the maintenance of efficiency and the improvement or morale. The success of promotion policy in any organisation has to be judged on two basic considerations; first it should provide reasonable avenues of promotion to the employees at reasonable intervals and second it should enable the management to select able men and promote them to responsible jobs for which they are best fitted. A satisfactory promotion policy should also

overcome the widespread and intense suspicion that
management deliberately and cynically favours certain
individuals. "In no phase of business life is integrity
as important as in making promotion decisions. Nothing
destroys confidence in management more quickly than evi-
dence - even suspicion - of favouritism. The people in
the organisation must have confidence that those promoted
actually merit promotion, that selections are made care-
fully, thoughtfully, and fairly, that what is important
is not whom you know but what you are. It is the busi-
ness of the chief executive to make sure that the system
operates in this way; if he does not do it, no one else
can."[100]

    4.14.4.3 The formulation of a satisfactory
promotion policy is, therefore, very essential for raising
the morale of the personnel and efficiency of the enter-
prise. The promotion policy of an enterprise must satisfy
two basic considerations, viz., (i) it should provide
reasonable avenues of promotion to the employees at reas-
onable intervals and; (ii) it should enable the management
to select competent employees and promote them to

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[100] Worthy, James C., "Management Succession",
in Famularo Joseph J. (ed) Handbook of Modern Personnel
Administration, (New York, 1972) p.37.

responsible positions for which they are suitable.   A
sound promotion policy should leave no scope for the
widespread and intense suspicion which generally prevails.
Regarding the methods adopted for selecting men for
promotion complaints are not peculiar to India.   Even
in advanced industrial countries like the United Kingdom
it is widely believed that management deliberately and
cynically favours certain individuals and where matters
are not as bad as this, that promotion goes to those who
are fortunate enough or smart enough to catch management's
eye rather than to those who by virtue of merit or seni-
ority have the prior claim on the appointment.   A proper
promotion policy must ensure employee's demand for maximum
opportunity for merit and complete impartiality in sele-
ction for promotion.   It is, therefore, very essential
that the avenues of promotion and the methods of selection
for higher posts are clearly laid down and known to the
staff, that the seniority lists of the staff are expedit-
iously finalised and circulated amongst them, so as to
enable them to form an idea about their future prospects
of promotion, that the enterprises must be able to forecast
the number of people required for different posts to make
the employees realise the opportunities lay open to them
for improving their prospects if they equip themselves.

Such a programme would also serve the interests of the management. Unplanned promotion which takes place simply because a vacancy has occurred in the next higher scale is not very purposeful. They may even lead to resentment and jealousies when it is found that a person may have secured quick promotions in one enterprise because of fortuitous vacancies which have taken place at higher levels, while equally qualified persons holding equivalent jobs have had to mark time in other enterprises in which vacancies have not occurred to quicken the pace of promotion. Though there have been some cases of rapid promotion in public enterprises, the fact remains that the top management posts have been filled either by deputationists or persons from the private sector.

4.14.4.3   In its Ninth Report the Estimates Committee of the First Lok Sabha pointed out as follows:[101]

> i) Promotion should be solely on the basis
>   of merit, efficiency and good conduct,
>   irrespective of the seniority of the persons
>   concerned in service.

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[101]Estimates Committee, (First Lok Sabha) Ninth Report on Administrative, Financial and other Reforms, (1954) p.44.

ii) Persons should be judged for promotion by the people who have watched their work and conduct over a period.

iii) Promotions should be made on the recommendation of a committee consisting of not less than three officers, one of whom at least is acquainted with the work of the person concerned. In each case, the committee should record in writing the grounds on which claims of persons, if any, senior to the person selected, were overlooked.

iv) In judging a person on the basis of the confidential reports on him, it should be seen that he was warned in time of the defects noticed in his work and conduct and that if he did not show improvement he was warned again.

v) If no warning has been given to a person, it should not be presumed that the reports on him are so good as to justify his promotion.

4.14.4.4 The study elicited the opinion of the executives regarding the promotion policy in their respective organisations. The result is given in Table 4.11.

Table 4.11

Opinion Regarding Promotion Policy

Very good	Good	Satis-factory	Bad	Very bad	Total
13	62	111	38	16	240
(5.42%)	(25.83%)	(46.25%)	(15.83%)	(6.67%)	(100%)

The survey revealed that 111 (46.25%) of the executives were satisfied with the promotion system prevailing in the public sector units; 62 (25.83%) considered the policy good and 13 (5.42%) very good. Only 54 (22.5%) held the view that the promotion policy was either bad or very bad.

4.14.4.4.1 When the executives were asked to express their opinion about the communal rotation system in the selection of executives in the public sector as it was prevalent in Government, they gave answers which are given in Table 4.12.

Table 4.12

Views on Communal Representation
in Selection of Executives

Yes	No
78	162
(32.5%)	(67.5%)

4.14.4.4.2 When selection is made from outside the organisation the public sector concerns are not bound to observe the communal rotation as in the case of Kerala Public Service Commission. The survey revealed that only 78 (32.5%) executives favoured the system. The

opinion of the chief executives also were not favourable for the system. They think that this will affect efficiency. However, many communal organisations in Kerala are fighting for the communal rotation in recruitment to the public sector. But the Government has not yet taken a policy decision to this effect.

4.14.4.4.3   Regarding the representation of Scheduled Castes and Scheduled Tribes, the Government has issued clear instructions to all public sector units. But it is said that in spite of the best efforts they could not find suitable hands from the Scheduled Castes and Tribes. So it is very unfortunate that the number of executives belonging to the Harijans is less than four per cent. Unless the level of education of Harijans is improved, it is, felt by many, that the situation would not change.

4.14.4.4.4   Though there is no explicit policy of promotion of the middle-level executive appointments are made through selection from among qualified candidates from within. For the purpose of the selection the usual practice is that the Board appoints a high-power committee consisting of the chief executive, chief of personnel, the concerned department head and sometimes an outside expert.

This high power committee intervies all eligible persons having the minimum prescribed qualifications and experience as laid down by the Board and makes recommendation for appointment.

4.14.4.4.5 The recommendation of the interview committee together with the special reports submitted in respect of the candidates by the division head are considered by the appointing authority and makes the final decision. In selection the most important criterion seems to be seniority in the cadre. Only very seldom the seniority is overlooked. This occurs when there are very serious adverse remarks in the confidential report of the candidate.

4.14.4.5 The use of executive performance appraisal for promotion is in vogue only in some of the enterprises like Keltron. In Keltron they have recently devised a very elaborate executive appraisal system. They use two types of appraisal forms for the purpose; (i) executive appraisal form and (ii) self-appraisal for executive and supervisory staff. The executive appraisal form is designed to measure administrative, managerial and professional abilities and personal qualities like leader-ship, initiative and sense of responsibility. The rating officer is expected to fill the forms with his comments

and specific recommendations, if any, and send it to the personnel department. The superior officer is also expected to recommend the training needs of the persons assessed (assessee) and the course of action the company may have to take for the improvement, and specific comments on the potential of the executive beyond his present job.

4.14.4.5.1 A summary of the assessment record the strength, weaknesses and development needs is given to the ratee. The executive also, in turn, is required to fill up a self-appraisal form and submit to the company.Thi form is used to record the accomplishments of the persons during the review period. The executive is required to give a brief description of the nature of work carried out with particular reference to any significant achievement. Further, he is expected to measure his performance against the objectives/targets if applicable, in a precise manner. In this form the executive is free to give a description of his performance outside the scope of his normal work. He is free to record any specific reason which adversely affect his performance and suggest changes to be made for better or improved performance. The executive may mention about his specific skill/skills, knowledge and aptitude which could be better made use of by the organisation. The self-appraisal form is forwarded to the personnel

department by the section head or the head of the department with their comments thereon.

4.14.5.2   The above system of performance appraisal seems to be exemplary from an academic point of view.   The usefulness of this exercise to the company is only marginal.   The reason is that the executives who are expected to fill up these forms are not groomed to do so.   Or in other words, they are not taking it seriously. Another bottleneck in administering this programme is that there is no adequate mechanism to compile and process all these forms so as to get useful results.

4.14.5.3   Table 4.13 reveals the views of the executives about the performance appraisal system.

Table 4.13

Opinion Regarding Performance Appraisal System

Very good	Good	Satis- factory	Bad	Very bad	Total
11	50	123	39	17	240
(4.58%)	(20.83%)	(51.25%)	(16.25%)	(7.09%)	(100%)

From the table 4.13 it can be seen that out of 240 managers, 184 (76.66%) were satisfied or happy with the system.   Only

56 (23.34%) expressed their dissatisfaction about the
practice.

4.14.5.4 The study tried to elicit opinion of
the executives regarding the use of performance appraisal
system in making promotion decisions. The data collected
with reference to this is presented in Table 4.14.

Table 4.14

Opinion regarding the use of Appraisal System
on promotion decisions.

Very much	Much	Some-times	Seldom	Never	Total
18	38	122	51	12	240
(7.5%)	(16.25%)	(50.83%)	(21.25%)	(5%)	(100%)

Table 4.14 shows that 179 (74.59%) feel that the
appraisal system would affect their promotion prospects in
the company. But 51 (21.25%) feel that it would seldom
affect them, and 12 (5%) feel that it would never affect
their prospects in the organization.

4.15.0 DIRECT RECRUITMENT

4.15.1   When an organisation finds that it
cannot appoint an executive from within, it may go for
either direct recruitment or deputation. In the case of
direct recruitment the post will be advertised in leading
Malayalam dailies and the Hindu and the Indian Express.
Seldom do they advertise in other national papers. No
public sector concern ever advertised in a professional
journal for even key technical posts.

4.15.2   An analysis of the contents of the
advertisements appeared in the Indian Express between first
January 1982 to 31st December 1982 revelas that they are
not in line with the requirement of modern employment adver-
tisement practices. The 17 advertisements appeared in
the said year contain generally the name of the post, salary
scale, the required minimum qualification and experience
and the maximum and minimum age limit. The advertisements
seldom carry the job description in any form. By and large
no public sector concerns ever tries to project an image
of the company in the advertisement for personnel. Nor do
they give any details about the prospects of the prospective
incumbents. It is recommended that in order to get the
right type of persons a more aggressive advertisement pat-
tern is to be employed.

4.15.3 Preliminary selection is done by the respective office by checking the application blanks. If the number of applicants are many they may administer a test. The final selection is done by the interview board consisting of the Chief Executive, concerned departmental head and outside experts. The recommendation of this committee is usually accepted by the Director Board for making appointments.

4.16.0 THE UNIQUE PRACTICE IN KERALA STATE FINANCIAL ENTERPRISES LIMITED.

4.16.1 The Kerala State Financial Enterprises has formulated a unique recruitment policy in consultation with the trade unions in the company. The proposal of the company has been modified by the Kerala Public Service Commission in certain respects and the modified version of the proposal has been accepted by the Government.[102] Accordingly, selection of the nine categories of executive and supervisory posts in the company can either be recruited from within the company or from outside. In the case of recruitment from within the rules insist that it would

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[102]Government of Kerala, Government Order No. MS.126/74/TD dated, Trivandrum, 15.10.1974.

be done after a competitive written test and interview
from among the qualified candidates. For conducting the
test and interview the company invariably seeks the help
outside expertise. Informal consultation with the person-
nel of the company revealed that the system is working very
satisfactorily. It is suggested that the Kerala State
Financial Enterprises pattern of recruitment based on merit-
cum-seniority, may be adopted in other concerns also.

4.17.0   EXECUTIVE TRAINEES SCHEME

4.17.1   As public sector concerns are growing
and diversifying they always feel a shortage of promotable
employees from the non managerial cadres to managerial levels.
Naturally they have to resort to recruiting potential
executives from outside. Nontheless, their recruitment
may invite trouble because men who are within the organi-
sation will expect to be promoted whenever opportunities
present themselves for replacement or to fill up new posi-
tions. Promotions are often withheld to such people on
the ground that the persons do not have the requisite
qualifications. Promotion from within has its advantages
but this has to be done with care. It has therefore been
suggested that whenever it is possible to organise training pro-
grammes for persons in the lower levels of the organisational
hierarchy and to bring them up to an equal footing with

young managers the whole recruitment policy at the workers'
level be revised so that some additional qualities are also
taken into consideration at the time of recruitment.

4.17.2   Now that the best products of Univer-
sities and technological institutions are anxious to
join industries in preference to traditional callings,
many public sector concerns follow a practice of recruit-
ing young men who have good education, intelligence, per-
sonality and record of extra-curricular activities for appo-
intment in managerial positions in future.   These young
persons are known as executive trainees and are given
training for six months to two years before they are per-
manently placed in a responsible position.   The desire
for creating a managerial cadre out of fresh entrants has
been influenced, no doubt by the future requirements of the
growing organisation but its creation has brought about an
atmosphere of tension for those persons in the organisation
who had expected early promotion to managerial levels.
It has been observed that even when promotion possibili-
ties are there, the distinction between the directly re-
cruited and promotees remains an insiduous one, acting as
a barrier in the way of understanding and team spirit at
managerial levels.   Then again, in selecting such exe-
cutive trainees the company usually attaches importance to

certain common traits in all trainees--the trait which
in the opinion of the company would fit in with its cur-
rent thinking and philosophy as well as with its needs.

4.17.2.1   The practice of recruiting fresh
graduates as management trainees has many advantages from
the point of view of the organisation.   The most import-
ant of such advantages is that the freshness of ideas and
the up-to-date knowledge of a particular area or discipline
that the fresh recruits bring with them, when added to
experience may enable them to blossom out as excellent
executives.   What is not remembered is that his ideas,
knowledge and experience may also be found to be inadequate
at a subsequent stage to meet new situations.   He, too, will
be condemned, and there will be again a need for outside
recruitment.   This process can continue ad infinitum.
An organisation can only get out of this vicious circle
with provision for continuous education and training of
persons who are in the organisation.

4.17.3   The programme of fresh recruitment at
the junior executive level, it is contended, may lead to
professionalisation of management.   Of late there has
been a good deal of argument in favour of developing pro-
fessional managers in India both for public and private

sectors. The appointment of professional managers and
their impact on the organisation's culture are recognised
to be of the greatest significance from the point of view
of the organisation. Its survival and growth is to be
insured not only by developing persons who are already in
it, who have the knowledge of company's problems, who have
abiding interest in its affairs and who have commitments
to its policies, but also by recruiting fresh graduates who
are capable of meeting the challenges of modern technolo-
gical innovations and rapid changes in the social system.
With this object in view a number of public sector concerns
felt the need for outside recruitment if men from the same
organisation are found not equal to the task. But one may
be inclined to say that this is done without proper plan-
ning and preparation. A concerted effort to have manage-
ment trainees schemes was formulated for the first time by
the Kerala State Industrial Enterprises for their subsi-
diaries by 1973-74.

4.17.4 The Kerala State Industrial Enterprises
Limited is a holding company* incorporated in 1972-73 to

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*Originally there were five companies under
the management of the Kerala State Industrial Enterprises.
They were: (1) Trivandrum Rubber Works Limited, Trivandrum,
(2) Kerala Ceramics, Kundara, (3) Travancore Plywood Indus-
tries Limited, Punalur, (4) Kerala Electrical and Allied
Engineering Company Limited, Kundara and Mamala, (5) Kerala
Soaps and Oils Limited, Calicut.

improve the management of some of the losing public sector concerns under the Government of Kerala. The holding company introduced the scheme of recruiting fresh graduates as one of the measures for rennovation of the units under them.

4.17.5 The Kerala State Industrial Enterprises invited applications from candidates for 'paid apprenticeship'. The qualifications prescribed for were:

1. Plywood Technology: B.Sc. in Plywood Technology of a recognised University;

2. Ceramic Technology: B.Sc. in Ceramic Technology of a recognised University;

3. Rubber Technology: (a) Degree in Chemistry of a recognised University and (b) Degree/Diploma in Rubber Technology of a recognised University or Institute.

4. Soap Technology: (a) Degree in Chemistry of a recognised University and (b) Post Graduate Degree/Diploma in Social Science of a recognised University or Institute.

5. Personnel and Industrial Relations: (a) Degree of a recognised University and (b) Post Graduate Degree/Diploma in Social Science of a recognised University or Institute.

6. Commercial Management: (a) Degree of a recognised University and (b) Diploma in Business Administration of a

recognised University or Institute or Diploma in Marketing of a recognised institute.

7. Engineering: Degree in Mechanical or Electrical Engineering.

4.17.6 For all appointments the maximum age limit prescribed was 30; but relaxable in the case of exceptionally good candidates and members of Scheduled Caste and Scheduled Tribes. In the advertisement it was also stipulated that the selected candidates would have to undergo training for a period of two years in any of the subsidiary companies of the holding company and during the training period the trainees are given a stipend of Rs.400/- per mensem. The apprentices were expected to execute a bond to serve the holding company or any of its subsidiaries for a period of three years as junior executives on a starting pay of Rs.600/- per mensem in the pay scale of Rs.600-1000 and other admissible allowances and other perks if selected.

4.17.6.1 The company could attract nearly 700 applicants and hence the traditional method of selection by interview was not possible. So the company decided to conduct a test to find out the suitability of the candidates for the post. This was the first time a test was conducted by any of the public sector concerns in Kerala to select candidates for the executive positions. The selection

test was conducted by the School of Management Studies, University of Cochin.

4.17.6.2 About 200 candidates, who were found suitable for the job in the test, were called for interview. The interview was conducted by the Holding Company and 42 candidates were selected for 'paid apprenticeship'. These young men were given in-plant and theoretical training in management for one year and on completion of training they were permitted to hold independent charge of junior executives. However, no scale of pay was fixed at that time but the management increased the stipend to Rs.500 per mensem.

4.17.6.3 Upon the completion of two years training instead of fixing a scale of pay a consolidated pay of Rs.700/- per mensem was fixed. The scale of pay was fixed only in 1979. By this time more than 50 per cent of the 'paid apprentice' left for better prospects.

4.17.6.4 Those who remained in the company have to undergo protracted negotiation with management for their salary fixation and career prospects. In general, one may say that, the paid apprenticeship scheme' went on very well upto the point of placement but later the company could not develop a policy to keep the young executives contented and self-motivated.

4.18.0 INDUCTION OF BUSINESS GRADUATES

4.18.1   From table 2.6 it is evident that very few trained graduates in business is getting employed in public sector concerns in Kerala. Out of the 240 executives surveyed only 8 (3.33%) were graduates in business from the Universities. It may be due to: (i) business graduates may not be willing to join these enterprises as the pay and service conditions are poor; and (ii) the tradition loving top executives may not like to induct these graduates as executives. At the national level also one can find this phenomenon.

Table 4. 15

Percentage of IIM Students Placed in Private
and non-private Sector.

Year	IIM-A % Pvt.	% Non-pvt.	IIM-B % Pvt.	% Non-pvt	IIM-C. % Pvt.	% Non-pvt.
1976	66.9	33.1	26.5	73.5	77.0	23.0
1977	74.2	25.8	26.3	73.7	69.4	30.5
1978	62.0	38.0	36.8	63.2	77.8	22.2
1979	85.6	14.4	41.4	58.9	90.9	9.1
1980	91.9	8.1	53.4	46.6	85.9	14.1
1981	83.0	17.0	57.7	42.3	92.0	8.0
1982	87.2	12.8	74.0	26.0	NA	NA

Source   Business India, July 5-8, 1982.

4.18.1.1 From table 4.15 it is clear that the
major beneficiary from the prestigious Management Institutes
are the private sector organizations. Further it may be
said that this trend is increasing year after year, which
demand the attention of all concerned. One major cause
of concern is the fact that while a substantial amount of
public money has gone into the establishment and mainte-
nance of these institutes and University departments, the
public gain from them does not seem to be commensurate.
The Institutes of Managements and University departments,
dedicated to professionalise the management system in India,
behold a special responsibility in the matter. They have
to develop more and more contacts with the top managers and
to educate them for a change in attitude towards the pro-
fessional management. Further the concerned top agencies
like Bureau of Public Enterprises have to make a consci-
entous effort to induct more and more trained graduates in
business as in the present context the public enterprise
demands scientific management for growth and development.

4.18.1.2 However, the selection of executives
in Kerala public sector concerns is rather broad based.
Fifteen per cent of the managers are drawn from private
sector, 27.67 per cent from government, 5 per cent from
Central public sector and 17.5 per cent from State public

sector concerns.   The single major source is still fresh recruits (40.83%) from the open market.   Table 4.16 supports the observation.

Table 4.16

Sources of Recruitment of Executives

Source	Number	Percentage
Private sector	36	15.00
Government	52	21.67
Central public sector	12	5.00
State public sector	42	17.50
Fresh recruits	98	40.83
	240	100.00

4.18.2   The existing industries in the public sector in Kerala have already a problem of acute shortage of managers. As a matter of fact they have been having this problem ever since their inception.   The Committee appointed by the Government of Kerala to report on Management Development of Public Enterprises in Kerala estimated that:

". . . On a rough calculation, an invest-
ment of, say Rs.10 crores, will call for
one top manager, 5 senior managers and about
14 middle and junior managers. This makes
a total of 20. Thus, for an investment of
about Rs.600 crores, the managerial man--- --
required will be about 1,200. --- small
scale and co-operative ---tors may also require
managers at diff---ent levels in equally large
numbers.

This Committee estimates that even for
existing operations, most of the companies r-
require at the rate of about five senior
managers. This means that for existing public
sector units which number about 40, existing
requirements of senior managers will be about
200. In addition, they will require a large
number of junior managers also, to begin with
at least 500." [103]

4.18.2.1 On the recommendation of the Committee

appointed by the Government of Kerala on Management Develop-

ment of Public Enterprises in Kerala the government has

recently took an important decision. "A top-level Commit-

tee will be constituted to assess the aptitudes and

[103]Government of Kerala, Report of the Committee
on Management Development of Public Enterprises in Kerala,
op.cit. p.8.

competence of persons who want to get into public sector
undertakings from various services.   The composition of
the Committee will be as follows:

    a) Two Secretaries to Government, viz.,
       Industries and Finance Secretaries,

    b) Two persons from Management Development
       Centre,

    c) Two persons from the industry and business,
       and

    d) Two persons from the public sector under-
       takings."104

However, it is not yet time to make a crtical
evaluation of the working of the Committee.

4.19.0 NEED FOR IMAGINATIVE POLICY IN SELECTION

4..19.1 The public sector industries in Kerala
are suffering from obsolence in the policies and procedures
by which they recruit, examine and appoint executives.
Their acquisition of talent needs more vigour and imagi-
nation.   There is a tendency to assume that applicants

104Government of Kerala, Government Order No.
(MS) 294/78/ID, Dated, Trivandrum, 31.7.1978.

for employment will come to the public sector in the
necessary quantity and of the required quality, although,
in fact, the public sector must compete in the open market
for talent. In this competition, the public sector indus-
tries do not have an advantageous position, and must make
the most of its attractions if it is to get its share of
talent. In a situation where there is keen competition
for securing best talent, an aggressive policy of recruit-
ment is necessary. Selection methods have to be improved,
with greater stress than now on the assessment of the per-
sonal qualities of the candidate and with a considerable
reduction in time taken for selection.

4.19.2 As there is no explicit staffing policy
or procedure it is often apprehended in knowledgable quar-
ters that the appointments to key executive posts are made
on political basis. For instance, Gangadharan Pillai
observes:

> ". . . Though the Boards of Directors
> are responsible for the recruitment of
> personnel as Junior and Senior executives
> it is the influence of the Government that
> ultimately decides the selection of candi-
> dates. It would appear that the State
> Government make such selections on behalf
> of the responsible Boards. . . . In the case
> of appointments to key personnel to State

enterprises political consideration is a
recurring phenomenon. Politics is not
objectionable but if political intervention
results in recruitment of incompetent persons
to important posts, it becomes a curse"[105].

4.19.3   But this view seems to be rather pre-
mature. And it is not corroborated by facts. The pre-
sent study reveals that no top managerial post is assumed
by a politician.   It is true that 49.33 per cent (see
Table 4.11) of the top positions in our sample are held
by civil servants. However, the data on the career history
of the key personnel in the public sector concerns provide
several important clues against the above apprehension.
All the managers have sufficient formal educational quali-
fications and experience to be appointed to similar posi-
tions.   Before occupying the present posts they were holding
responsible positions either in government or in reputed
organisations.   However, it must be accepted that the
appointments to the Boards are made often on political
considerations.   There may be solitary exceptions as in
the case of Keltron where the Chairman and Managing Director

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[105]Pillai, Gangadharan, V., The Public Sector
in Kerala, op.cit. p.181.

is a professional. At the Board level it seems that the
government invariably gives political considerations;
qualifications seldom count. Perhaps the Boards' deci-
sions may be influenced by politics of the ruling govern-
ment. Table 4.17 reveals that political and other factors
exert an overwhelming influence in the selection of exe-
cutives. Nevertheless, 77.50 per cent of the respond-
ents have expressed that the selection is not unfair.

Table 4.17

Opinion regarding the Influence Involved
in Selection of Executives

Politics and other factors	No influences	Total
184	56	240
(76.66%)	(23.34%)	(100 %)

4.19.4 The executives were asked to express
their opinion regarding the fairness of the selection.
The result of the survey is presented in Table 4.18. In
spite of the various view points expressed from different
quarters regarding political interference in the sele-
ction, the executives in these concerns expressed that

Table 4. 18

Opinion Regarding Fairness of Executive Selection

Very fair	Fair	Somewhat fair	Bad	Very bad	Total
15	63	108	33	21	240
(6.25%)	(26.25%)	(45.0%)	(13.75%)	(8.75%)	(100%)

the selection is rather fair. Only 54 (22.5%) out of 240 expressed negative opinion.

4.20.0 RELEVANCE OF HARBISON AND MYERS MODEL

4.20.1 In the light of the above data the model propounded by Harbison and Myers[106] seems to have some bearing on the public sector management in Kerala. The model attempts to link the stages of economic development and the type and style of management. It is true that the key positions in the public sector companies at the board level are occupied by persons appointed by the Government. And they either belong to political parties or interest groups, or they are trusted bureaucrats.

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[106]Harbison and Myers, Management in the Industrial World, op.cit. pp.69-76.

Professionals or competent businessmen get only a minor
share. The simple logic of this state of affairs is that
the government, which is the owner of the enterprises,
appoint people who are loyal to it, rather than on consi-
deration of efficiency. In this respect the public sector
in Kerala shares the ascriptive value of the general Indian
business houses. It is through the top management that
political influence permeates to the management of the pub-
lic sector regarding the selection of personnel. So, the
'political management' in Kerala public sector is rather
concealed than apparent, or indirect rather than direct.
Hence the model still holds goods. It is high time that
the political leaders of Kerala have to realise that poli-
tical appointees are usually incapable of coping success-
fully with the difficult task of managing a large and com-
plex business organisation, and that the stress on party
loyalty is at the expense of efficiency. Such realisat-
ion will result in the movement towards making the chara-
cter of the management of public enterprises increasingly
professional.

4.20.2 Persons possessing a rare combination
of talents, with unselfish devotion to the 'common good'
imbued with a sense of public relations and able to esta-
blish fruitful and co-operative relationships with the

ministers, politicians bureaucrats and workers alone could
lead public enterprises to success; but they are very few.
Right recruitment, the right training and the right assign-
ment of functions may help to fill up this gap.   For this
necessary talent has to be found wherever it is available
and whoever possess it.

> ". . . There is urgent necessity for
> bringing competent managers from outside
> the existing team to establish and develop
> management in the neglected areas and to
> tone up the management in areas where the
> existing arrangements show deficiencies.
> A major effort has to be made to get such
> men as quickly as possible and to put them
> into positions at appropriate levels,
> including top and middle levels.   There
> is also urgent need for fresh intake of
> persons with requisite university and pro-
> fessional background as trainees at the
> junior level.   A review of the performance
> of the existing managerial team in each catch [107]
> Government controlled unit is also called for".

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[107]Government of Kerala, Report of the Committee
on Management Development of Public Enterprises in Kerala,
op.cit. p.8.

CHAPTER V

MANAGEMENT TRAINING

5.1.0 INTRODUCTION

     5.1.1 One of the most striking phenomena of
the twentieth century has been the accelerated tempo of
technological change. Although it is thought of as an
essentially recent development, historical analysis reveals
that this trend may be traced back to the dawn of civili-
zation itself. Such an analysis also reveals that change
due to technological innovation exhibits all the charact-
eristics of an exponential growth curve with the impli-
cation that we may anticipate that changes in the final
quarter of this century will be equal to those which have
occurred between 1925 and 1975.[1] Day by day in these
dynamic changes, management of organizations is becoming
more and more complex and apart from meeting the challenges
thrown up by technological changes, the management, today,
is called upon to handle new types of problems and situ-
ations previously unknown and unprecedented. The growth of

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    [1]Baker, Michael, J., Marketing New Industrial
Products, (London: 1972) p.1.

specialization, the increasing size of the firms, the
separation of ownership from management, the rapid rise
of controls and directions by governments, the emergence of
largescale trade unions and community organizations of
different types -- all are contributing to the complex-
ities of modern business. It has been stated, "Today's
manager lives in a world of rapid change, and yet the rate
of change is likely to increase in the years ahead. Unless
he can keep up with change, he is likely to find himself
obsolete - perhaps unpromotable or even unempolyable".[2]

5.1.2   Management as we know it today is in
some respects a twentieth century concept. "From an almost
unrecognised position in 1900, management has risen today
to be the central activity of our age and economy - a power-
ful and innovative force on which our society depends for
material support and national well being"[3]. It has attained
this position, however, through the efforts of a host of
men working on its behalf over the centuries. But the
latter part of the nineteenth century saw the beginning of
scientific management--even the first use of the term itself.

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[2]Dale, Earnest and Michelon, L.C., Modern Manage-
ment Techniques, (London: 1974) p.9.

[3]George Claude, S. Jr., The History of Manage-
ment Thought, (New Delhi: 1974) p.1.

As business units continued to grow both in size and in
number, multiple problems not previously faced by managers
were encountered. Concern was expressed over these pro-
belms of bigness, and emphasis in thinking moved from the
area of the firm to the area of things within the firm:
processes, equipment, location, layout, production techni-
ques, incentive systems and the like. Management was be-
coming "things" oriented instead of "firm" oriented as it
had been in the past.[4]

5.1.3   Although the pioneering work in this
field was initiated towards the end of the last century
by some far-sighted and imaginative persons like Frederick
W. Taylor and Frank and Lillian Gilbreth who attempted to
develop new ideas of 'scientific management', their initial
efforts were, however, designed to improve workers' pro-
ductive efficiency. Very little attention was paid to the
wider problems of management development and training either
at the plant or industry level. It was only after the
World War I that the movement towards management develop-
ment and training gained siginficant momentum. In just a
few years, the concept of management had moved successively

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[4]Ibid. p.87.

from one of casual detachment to partial analysis to a concept, still somewhat nebulous, of a total body of knowledge affecting man's economic endeavours. A manager was recognised as a person of some esteem, and the subject matter of managerial principles had spread from industry to the classroom. Management as a separate field had finally come into being.[5]

5.1.4   The unqualified success of the scientific Management movement and the prosperity of the American corporations attracted the attention of their counterparts all over the world. By the beginning of the second decade of this century Britain started offering courses in principles of management. About the same period Germany also started conducting courses in business economics. But it was the new thinking of the postwar reconstruction period which led to the explicit recognition of a need for management education. The impressive spread of management education in the United States had a good deal to do with its popularisation in England and the continent. Thomas Patten says, "Three factors were chiefly responsible for the growth of management education in Europe. These

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[5]George Claude, S. Jr., <u>The History of Management Thought</u>, <u>op.cit.</u> p.87

were the search for efficiency as the key to renewed and
expanding element in achieving efficiency; and a new empha-
sis on education as a process throughout life in response
to new knowledge and changing conditions"[6].

5.2.0   DEVELOPMENT OF PROFESSIONAL MANAGEMENT

5.2.1   Over the last five decades or so there
has been, in Europe a shift from patrimonial management to
professional management[7].   The move has taken away manage-
ment from members of a family to a team of professionals.
It has been said, "There have been changes in the structure
and control of old industries; new industries have been
borne of new technologies; the ever increasing contribut-
ion of the natural and applied sciences has drastically
altered the technical aspects of many established industries;
new ideas and new techniques have been brought in from
America; growth has demanded special abilities and specialist
knowledge; increased competition has required new standards
of competence; and the accelerating pace of change has
been widely recognised.   American success had been noted

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[6]Patten, Jr. Thomas, H., Manpower Planning and
the Development of Human Resources, op.cit. p.492.

[7]Harbison, F. and Myers, C.A., Management in
the Industrial World, op.cit. p.69.

and American ideas adopted. Management has become rather more a professional activity requiring a professional preparation".[8]

5.2.2 Management education and training which is concerned with the development of technical and social skills and with the inculcation of an appropriate outlook has taken different forms in different countries within Western Europe. "Whilst there is much to be found in common amongst institutions and countries, it is clear that each country has brought forth a system of management education which is peculiar to itself. The strength of American influence, the nature of the economy, the educational traditions of the country, its management structure, culture and social patterns, have all worked to shape its management education".[9] Each country has taken to management education with differing degrees of intensity and with difference in emphasis and scope, but each has the beginning of an integrated system which is increasingly being made more adequate to the needs of the country. In Spain and Italy, management training seeks to develop a new type of man, the professional career manager with new set of ideas

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[8]Mosson, T.M., Management Education in Five European Countries, (London: 1965) p.19.

[9] Ibid. p.215.

and attitudes. In contrast to this the North European
countries are mainly concerned with the introduction of new
managerial techniques. Certainly the productivity missions
and the management institutes of Belgium, France and United
Kingdom sought to modify society, but perhaps more in terms
of skills and less in outlook.[10]   Indeed, it may have been
that some of the North European countries such as Belgium
and United Kingdom would equally have benefited from sus-
tained attemptes to change outlooks, for there is evidence
that it is only possible to operate advanced techniques in
firms with progressive outlook[11].   More recently in Common
Market countries,management education has become involved
with development of the new Europe, and in addition to
the schools which are specifically turned to international
management, many others on the continent are taking a place
in the inculcation of an international or European managerial
outlook. The increases in the numbers of institutions and
the courses available, the growth in support and recognition
of the value of education, the rising numbers of students,
all testify to the fact that whilst management education
Europe is relatively new, it is also firmly established.

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[10] Ibid, p.4.

[11] Carter C.F., and Williams, B.R., Industry and
Technical Progress, (London: 1957) pp.186-192 passim.

5.2.3 However, from the 1960's many scholars have raised serious doubts about the appropriateness of the imported ideas and methods of management when transplanted to Europe on a large scale. As a product of the American Social System, they are themselves in a state of continuous change. Much of what is being imported is already getting out of date in the United States by the time it has been transplanted in other countries. There are fundamental differences between the American and European systems of education, and the pattern of business enterprise, which resist the American ideas and institutions to take root in European soil. Perhaps the only defensible generalisation would be that each country has adopted and developed it in conformity with its own particular culture, educational pattern and needs.[12]

5.3.0   INDIFFERENCE OF SOVIET UNION

5.3.1 The Soviet Union did not make any appreciable progress although Lenin was strongly attracted by the theories of Taylor[13]. However, the vast majority of

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[12]Stuwart Rosemary, "Socio-cultural setting of Management in the United Kingdom", International Labour Review, (Vol. XCIV, No.2, 1966) pp.102-131.

[13]Lenin, as is well-known, was strongly attracted to the ideas of Frederick W. Taylor. In an address in June

Soviet factory managers have been trained not through

formal educational programmes in management, but through

on the job experience as engineers and technicians. In the

highly centralised Soviet economy the well-indoctrinated

technical people provided a fast return on investment.

In the past, major industrial problems were viewed as tech-

nical in nature and specialists were narrowly trained to

seek the "one best way" in the solution of technical problems.

The enterprise manager's job was essentially that of a tech-

nical expert who could command the obedience of his subordi-

nates in the solution of technical problems and in the

execution of plans prescribed in considerable detail by

central authorities.[13]   However, by the late 1950s, it was

1919 on "Scientific Management and the Dictatorship of the
Proletariat," he stated: "The possibility of socialism will
be determined by our success in combining Soviet rule and
Soviet organization or management with the lastest progres-
sive measures of capitalism. We must introduce in Russia th
the study and teaching of the Taylor System and its syste-
matic trial and adoption": cited in Spengler, The End of
Ideology, (Glencoe, Ill.: 1960) p.253.

[13]Richman, Barry, Management Development and
Education in the Soviet Union, (Ann Abor,:Michigan, 1967)
and Soviet Management with Significant American Comparisons,
(Englewood, Cliffs, N.J.: 1965) see especially Chapters
3, 4 and 12.

becoming obvious to the Soviets that overcentralisation in administration was leading to waste and inefficiency, compared to the past. The Soviet economy was faced with increasingly larger and more complicated market structures. The problems of coordination became more complex as enterprise grew in size and adopted more complicated technology. There was growing awareness among the Soviet administrators that technical skill alone was not sufficient for sound management. They realised that there was a wide and increasing gap between education and training for management development and the requirements of the managerial job.

5.3.1.1 The current emphasis on management was introduced from the days of Nikita Khruschev in his report at the November 1962 Communist Party Plenum, wherein he advocated that foreign experience in management research, training and practice should be studied and introduced whereever beneficial, particularly the experience of the United States. His successors have placed even greater emphasis on the improvement of management research, education and practice. In his report to the plenary meeting of the Central Committee of the Communist Party of the Soviet Union in September, 1965 Premier Kosygin stated:

> ". . . The Presidum of the C.P.S.U. Central
> Committee and the Council of Ministers of the

U.S.S.R. are of the opinion that in tackling
the problems of the further development of ind-
ustry and the raising of people's living stand-
ards, the greatest attention should be focused
on improving the methods and forms of industrial
management. The forms of management planning,
and incentives which are now operating in indus-
try are no longer in conformity with modern techno
economic conditions and the present level of
productive forces".[14]

5.3.1.2 Recently, all socialist countries have

recognised the significance of the regularly renewed and

refined leadership and professionalism of managers and

started some system of management development. Through

such management development systems, the spirit of inno-

vation and change is supported and new approaches, methods

and techniques are channelled to the managers and their

staff. In the Soviet Union there is a central institute

for the development of the top state administrators, 23

branch institutes for company managers and five university

institutes for management education. A new Institute for

Scientific Research in Management and Control (with 1,200

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[14]Kosygin, A.N., "Report on Improving Manage-
ment of Industry, Perfecting Planning and Strengthening
Economic Incentives of Industrial Production", Soviet
Review, (Vol. II, No.51, 1965) pp.10-11.

collaborators) has also been established recently. In
the German Democratic Republic, a management development
system, started in 1966 covers all top managers of the
country. For training for the main executive role there
is the Central Institute for Socialist Management and a
couple of university insitutes. In Czechoslovakia, a
similar system, but limited in size was introduced since
1966 as the Institute of Management attached to the Prime
Minister's office. (This institute covers the training of
all general managers and some top managers). Three Uni-
versity institutes offer postgraduate studies in management.
In Poland, Hungary, Bulgaria and Rumania, management study
centres were established with the assistance of the Inter-
national Labour Organization.[15]

5.4.0   DEVELOPMENTS IN AFRO-ASIAN REGION

5.4.1   Somewhat similar developments also
followed in the field of management development and training
in several countries of the Afro-Asian region. In Thai-
land, the Thailand Management Development and Productivity
Centre was established in 1962 with the aid of the U.N.

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[15]Jirasek Jaroslav, "New Management Systems in
the Planned Economy", in Proceedings of 15th CIOS Inter-
national Management Congress, (Tokyo: 1969) p.211.

Special Fund and with the ILO as the implementing agency.
It is offering courses in general management, supervisory
training and work studies for senior and middle level
managers and supervisory personnel. In the Phillipines,
the Harvard University has for some years given an advanced
management course of a residential type for senior managers.
In Malayasia, the National Productivity Centre has embarked
on a number of training courses in the field of accounting,
production planning and control, personnel management,
management accounting, cost accounting and budgetary control.
Similarly, the Japan Productivity Centre (JPC) established
in 1955, the Korean Productivity Centre (KPC) established
in 1957, the China Productivity and Trade Centre, establi-
shed in 1957, the Industrial Development Centre in Vietnam
and the Hong Kong Productivity Centre in Hong Kong have
organised a large number of management development and tra-
ining courses for training of managers in the principles,
practices and techniques of management[16].

5.4.1.1. The most significant development in
the management and productivity movement in Asia was, however,
the setting up of the Asian Productivity Organization (APO)

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[16]Mehta, M.M., Human Resources Development
Planning, op.cit. pp166-167.

in 1961, with headquarters in Tokyo. The aims of this

Organisation as set out in the Convention are: to stimulate

an increased interest in an understanding of productivity;

to provide for training facilities of all kinds, and the

exchange of information on the lines of the European Pro-

ductivity Agency[17].

    5.4.1.2 In India, the management movement

started only in the period after the attainment of inde-

pendence. It gained momentum with the intensification

of the process of economic development and rapid advances

on the technological front combined with the further diversi-

fication of managerial functions.

> ". . . The urgent need for trained managers
> was acutely felt with the tempo of growth that
> characterised every sector of India's economy
> as the successive five year plans progressed.
> There have been four significant areas from which
> this demand assumed large proportions: first,
> an expanding public sector under which many
> basic and defence industries were established
> for the first time. Seondly, an enlarged
> private sector which made spectacular progress
> in industrial activity during the first decade
> of planned development. . . . Thirdly, a compre-
> hensive program of community development and

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[17]<u>Ibid</u>.

cooperation which focused its attention on agricultural and rural development. . . . Fourthly, the tremendous expansion of the different categories of the administrative and welfare services as a consequence of the huge increase in volume and the diversity of state activity"[18].

5.4.1.3   Immediately after independence the Government of India realised that steps must be taken to ensure that adequate persons who are properly trained and educated in the field of management are available.   In the year 1949, the All India Council of Technical Education which advises the Government of India on the development and coordination of technical education, including management education appointed an expert committee "to examine in detail the question of education and training in industrial administration and business management and draw up a suitable scheme of management studies."[19]

5.4.1.4   In its report submitted in June 1953, the Committee recommended *inter alia* that:

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[18]Pylee, M.V., "Management Education in India", Management Science, (Vol. XIII, No.10, 1965) p.14.

[19]Ibid, p.16.

a) A Board of Management Studies be set up
   to formulate a scheme for the development
   of management studies; and

b) An Administrative Staff College patterned
   after the well-known Administrative Staff
   College at Henley-on-Thames in England,
   and a National Institute of Management,
   be established as a joint and cooperative
   enterprise of government, industry, com-
   merce and the general public.

In pursuance of the aforesaid recommendations,
the Council set up, in 1953, a Board of Management Studies
under the Chairmanship of Sir Jahangir Ghandy to formulate
courses of study in management, conduct examinations lead-
ing to the award of national diplomas and certificates in
management, advise the All-India Council of Technical Edu-
cation which institutions should conduct management courses
and what assistance should be given to them for this purpose,
and generally to promote a coordinated development of manage-
ment studies in the country.

5.4.1.5   A Planning Committee was also appointed
to prepare detailed plans and estimates for an Administ-
rative Staff College and a National Institute of Manage-
ment and to take steps for their establishment.   Manage-
ment education in India was given an impetus when the
Central Government decided in 1962 to establish two full

fledged Institutes of Management at Ahmedabad and Calcutta

in close cooperation with private sector industry and com-

merce.   Both Institutes were assisted in their establish-

ment and development by two well-known American Universit-

ies through the Ford Foundation.   The Institute at Calcutta

was assisted by the Sloan School of Management of the

Massachusetts Institute of Technology and the Institute

at Ahmedabad by the Graduate School of Business Administ-

ration of the Harvard University.   The main objectives of

the Institutes are:

<blockquote>

i) to provide educational facilities for
    training youngmen and women for manage-
    ment careers and for developing exper-
    ienced administrators;

ii) to conduct research, to contribute to the
     growth of knowledge of management and
     administration, and to provide consult-
     ancy services; and

iii) to provide for the development of teachers
      in management and administration.

</blockquote>

5.5.0   TRAINING IN PUBLIC SERVICES

5.5.1   Through the years, of course, attitude

towards training in the public services had undergone a

considerable metamorphosis.   Gradually, but perceptibly,

the realization spread that employee training was in the

public interest as much as the individual's interest and

the money spent in the process was not an unnecessary
costly contribution to employee human capital formation,
but an investment in future performance that could well pay
tangible results. If for no other reason, the exigencies
of the situation have been propelling more and more people
in key managerial, administrative and political positions
towards the obvious conclusion that public sector respon-
sibilities cannot be satisfactorily discharged unless the ·
executives in public sector concerns are better trained
and, for that matter retrained to cope with the demands
emanating from the very changing environment.

    5.5.1.1 In the United States, the enactment
of Government Employees Training Act in 1958 marked a water-
shed in the acceptance of training as a fundamental pre-
re·_uisite for continuing dynamism in the public sector.
The statute opened the way for the development of new
patterns of collaboration between training organisations
and federal government agencies in the consolidation of
training experience, which in turn bring about improved
performance in the areas of knowledge or skill requirements
that transcended individual progreammes. The overall
effect was to legitimise and expand training opportunities

within the management structure of government[20]. In the United Kingdom too, an unprecedented interest in public sector training resurfaced in the late 1950s, and the tide definitely started running in its favour with the Plowden Report in 1961 and the Whitely Report in 1964. Public service training acquired further momentum with the publication of the Fulton Report[21] in 1968 and its recommendations concerning the training, particularly in management as well as the establishment of a civil service college fpr the provision of mainly residential courses in different areas and topics. Similar developments have taken place in other countries, both developed and underdeveloped, too,[23]. Training has become both a legitimate and a major public sector activity, receiving widespread support at all

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[20]For a detailed discussion, see Gladden E.N., Civil Services of the United Kingdom, (London: 1967).

[21]For a discussion on the Reports of the various Committees, see Gladden, E.N., Central Government Administration, (London: 1972).

[22]For a detailed discussion of the training situation in the developing countries, see Stifel, L.D., Coleman, J.S., and Black, J.E., (eds) Education and Training for Public Sector Management in Developing Countries, (New York: 1977).

levels of government and claiming substantial government
resources. Nor is this all. The public service training
programmes have been radically upgraded and their curriculum
brought in line with contemporary developments in the find-
ings of the social science research. Today, to all appear-
ances, the training function has achieved a respected status
in the management system of any public or private organi-
sation. As such training is one of the fastest growing
segment of personnel activities[23].

5.5.1.2 To explain the objectives of person-
nel development one cannot do better than quoting the fol-
lowing passage from the Task Force Report on Personnel and
Civil Service prepared for the Hoover Commission in the
United States.

> ". . . it should be the function of the
> executive development program to develop
> administrative ability which is over and
> above professional, vocati nal or technical
> proficiency--the capacity to understand and
> direct the work of others, to accept responsi-
> bility, to exercise good judgement in making
> difficult decisions, and to give confidence to
> others in trying circumstances. In addition

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[23]Dale, Ernest, Management: Theory and Practice,
(Tokyo: 1973) p.375.

to developing these essentially personal
qualities and perfecting the skills that make
them effective, administrators need to under-
stand the context in which they work, the
larger organization of which their unit may
be a part, and its place in Government and
Society as a whole. They need to be able to
dovetail the work of their organizations with
that of other organisations as well as to get
good team work within their own circle. They
need to learn the attitudes and habits of
horizontal coordination".[24]

5.5.1.3   In India, as in many other newly inde-

pendent nations, the need for executive development and

training at various levels has been emphasised by several

factors.   With independence the major role of government

has come to be the acceleration of economic and social

development.   This is reflected in a continuing growth of

public sector, in an expansion of existing government

institutions and the creation of new agencies.   Moreover,

the training by doing, which has been the traditional

British attitude towards post-entry training until recently

is not at all acceptable, in as much as it is slow and the

learning process is likely to be unsystematic and haphazard.

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[24]Report on Personnel and Civil Service by
(Hoover) Commission on Organization of the Executive Branch
of the Government, (U.S.A. : 1955) pp.67-68.

5.5.1.4   In a developing country, such as ours, there is great need to achieve maximum growth and progress in the shortest time possible.   It is felt that the scope of experimentation is a costly and slow process. Till a few years ago, modern management techniques were thought to be a panecea for all problems.   Some problems did get solved while a host of others took birth as a result.   Many of the popular techniques have found their graveyards while a lot of organizations which should have gone to the graveyards for puttting into use the 'over popular' techniques, have passed the test of time and resistance.[25]

5.5.1.5   After over a quarter of century's experience and experiments with western growth models we find that this model stands as the 'God that failed'[26]. Jan Tinbergen has rightly said:

> ". . . The poor countries should reject the aim of imitating western patterns of life. Development is not a linear process and the aim of development is not to 'catch up' economically, socially, politically and culturally. Many aspects of western life have become

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[25]Goel, S.L., Health Care Administration, (New Delhi: 1980) p.186.

[26]Ibid., p.6.

wasteful and senseless and do not contribute
to people's real happiness. For poor nations,
to attempt to imitate the rich may only mean that
they trade one set of problems for another
and in doing so discard or destroy much that
is valuable in terms of their human resources
and values"[27].

5.6.0   TRAINING - DEFINITION

5.6.1   Although training and education are
both learning activities, they are designed to meet quite
different organisational needs and objectives.   Training
is learning aimed directly at enabling a person or a group
to acquire particular areas of competence that can immed-
iately be put to use at work.   In other words, training
is an action process by which capabilities of the person-
nel can be improved to meet the organizational needs in
terms of their knowledge, skills and attitudes required in
performing organisational tasks and functions, within
relatively short period of time.   Education on the other
hand is learning aimed at enabling people to acquire more
general areas of competence which may or may not be used
immediately but which will be needed at some future time.

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[27]Tinbergen, Jan., <u>Reshaping the International
Order: A Report to the Club of Rome</u>, (New York: 1976)
pp.61.64.

As very rightly pointed out by Abad Ahamad, "Management education should seek the cultivation of mind and development of personality - it should develop the capacity for independent thought, a sense of values and an awareness of social responsibilities rather than merely granting degrees as passports for jobs"[28].

5.6.1.1 Management Development Scheme is defined as "a systematic scheme in an organization whereby a manager's performance and potential are developed by training and education. "The aim", it adds, "is to ensure that an organisation will have a sufficient number of managers of the required calibre as they are needed to meet the demands of the business"[29]. "Whereas the management appraisal system, aims, inter alia, to produce a precise statement of training and development needs of the individuals, the training system is intended to be a means to convert into a concrete development action the needs thus identified. It is around this axis (the appraisal system and the training system) that the enterprise's management development systems are built and revolve"[30]. Periodic management appraisals and a

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[28]Ahamad, Abad, Management and Organization Development - A Behavioural Science Approach (New Delhi: 1972)p.28.

[29]Department of Employment, Glossary of Training Terms, (London: 1971) p.17.

[30]Sharma K. Aravind, Management Development in

comprehensive system under which opportunities for train-
ing, education and directed experiences are made available
to the managers, constitute the core of an management
development scheme.

5.6.1.2   Management development has a two
fold aim: (a) improving the current level of performance
of incumbents in their present jobs; and (b) equipping
men with potential for higher level responsibility. The
former represents the immediate preoccupation or objective
of management development - concerned with considerations
that are currently relevant; whereas the latter involves
long range considerations and planning.   To these one
may add a third objective, namely, keeping track of the
factors likely to lead to the depletion of the existing
managerial resources, or an increased demand thereof and
initiating measures to meet such situations.

5.6.1.3   Management development, simply stated,
means the development of those engaged in the practice of
management.   Persons concerned with producing results
by directing and motivating others, and planning, organi-
sing and controlling their operations constitute the
management of an enterprise.   Development connotes the

Public Enterprise, (Delhi: 1979) p.2.

organizations' efforts in the direction of providing
need-based training, education and experience. Manage-
ment development, therefore represents the whole gamut of
organization initiated measures for the guided and plan-
ned growth of those discharging management function[31].

5.6.1.4 Executive development is a multi-
faceted concept that is not altogether clear because dif-
ferent organisations define the concept differently. For
some, the concept means simply appraising the performance
and potential of managerial employees at a certain organi-
zational level. For others, executive development refers
to projecting needs for supervisors, managers, and higher
level executives. To still others the concept refers to
total replacement planning, including the organizational
intake of graduate trainees, and new managerial employees
as well as all types of in-service training, in-house
management education, university-level in-residence and
non-residence programmes, and the offerings of develop-
mental programmes by management associations and consult-
ants. Sometimes, compensation and organizational planning
are regarded as integral parts of the executive develop-
ment concept. If looked upon from this multifaceted

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[31]Ibid, p.22

point of view, executive development becomes rather amorphous and subsumes many specific plans and programmes that can perhaps best be understood if looked at individually and then inter-related.[32]

5.7.0   ORGANISATIONAL DEVELOPMENT

5.7.1.   Recently, a new term "organizational development" has come into use which is an abbreviated way of referring to organizational planning and management development, by simply combining the first and last words of a more cumbersome phrase.   The assumption seems to be that organisations can be improved through the planned development of managers.   Thus organizational development programme are really focused upon human resources rather than planned structural changes in organizations, which is perhaps what many persons think about when they see the term organizational development.

5.7.1.1   Organizational development has been differently defined and practised by various people.   It has been called a process of planned change, a method of organizational renewal, a technique of human development.

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[32]Patten, Thomas H., Jr. Manpower Planning and the Development of Human Resources, op.cit. pp.398-399.

"Organizational development is an intervention strategy that uses group process on the whole culture of an organization in order to bring about planned change. It seeks to change beliefs, attitudes, values, structures and practices - in fact the culture of the organization - so that the organization can better adapt to technology and live with the fast pace of change"[33].

5.7.1.2 As has been pointed out by Chakraborty "successful functioning of an organization depends, in the ultimate analysis, on better integration of an individual's objectives with those of the organization he serves. Self-development is a legitimate objective of many individuals. When job performance as desired by the organisation simultaneously facilitates such self-development, we have the possibility of harmonious integration of individual and organizational objectives"[34]. Lokanathan pointed out that "too many well designed training and development programmes substantially failed because the environment in the organization did not support the training. Under these conditions

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[33]Davis Kieth, Human Behaviour at Work, (New Delhi: 1977) pp.177-78.

[34]Chakraborty, S.K., Managerial Development and Appraisal, (Delhi, 1978) p.133.

the next reasonable step is to try to change the entire
organization so that it will support the training that is
provided. This is exactly what O.D. tries to do"[35]. In
management development, attention needs to be given to the
external and internal environments which form the task
environments of managers. The external environment is the
social milieu comprising human, political and economic,
social and cultural factors. The internal environment
relates to the process and management functions in organi-
zations. The modern manager has to understand what is
going on outside his organization; it is not enough if he
has knowledge of only his industry. He needs to under-
stand the system as a whole - at the production level, at
the social level and at the conceptual level - that is the
relationship between man and machines.

5.7.1.3 The impetus for the search for more
effective organization training has been a series of new or
at least newly recognized conditions confronting organi-
zations. These have been described in detail by Bennis.[36]

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[35]Lokanathan, P.S., "Management Education and
Training" in Neelamegham, (ed) Management Development,
(Delhi: 1973) pp.22-23.

[36]Bennis W.G., Changing Organizations, (New
York: 1966) p.37.

Technology is advancing so rapidly that older and more
rigid organizational forms are sorely taxed.   New manage-
ment methods, such as project management and matrix stru-
ctures, place a premium on rapid adaptation to change, team-
work, and temporary system (committee and task force) for-
mation.   Emerging societal values and the rise of profes-
sionalism influence employees to be less willing to be
excluded from participation in goal setting and decision-
making.   Complex products or functions require the pooling
of varied technical resources into workable units.   These
and other developments have spurred the search for tech-
niques useful in changing not only individual skill levels,
but also the process of the organization.

5.7.1.4   As the need to devise new ways of
improving human effectiveness in organizations have become
pressing, training directors, consultants and social sci-
entists have looked for educational approaches which are
capable of intervening at the system level.   Ideas from
the social psychology of attitude and social system change,
group dynamics techniques, consulting and change agent
skills, counselling, and personality theory currently form
the nucleus of the organization change process.   At its
present stage, organization change refers both to a general
point of view and to a variety of techniques which have been

utilized to implement change. The terms organization

development (OD), action research and planned change are

often used to denote specific organization change efforts.

5.7.2 The Techniques of Organizational Develop-

ment: There is no clearcut typology of the techniques

associated with the change process. It is, however, pos-

sible to identify some of the major thrusts. Richard

Beckhard advocates a "systematic information collection,

feedback and joint action planning" model in which a con-

sultant assists working groups of management personnel in

learning how to identify, understand and solve operational

and interpersonal problems[37]. Blake and Mouton contrast

their Grid Organizational Development procedure with what

they call the T-Group Consultant approach[38]. The Grid

approach begins with a preestablished model of what effect-

ive managerial behaviour should consist of and, through a

systematic training procedure, seeks to implement this

model at both personal and organizational levels. The T-

Group-Consultant approach places emphasis upon sending

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[37]National Association of Manufacturers, What's
Wrong with Work? (New York: 1970) p.13.

[38]Blake, R.R. and Jane, S. Mouton, "Foundations
of a Science of Organizational Development", paper presented
at the Seminar in Behavioural Science in Management, (Cam-
bridge: 1969).

managers off to sensitivity training laboratories to gain

self-awareness of their own managerial behaviours and

principles of interpersonal relations. These learnings

are consolidated and applied in the back-home organization

with the help of a behavioural science consultant. Davis

and others assert that T-Group-learnings pay off best in the

organization when they are followed up with "team building"

sessions in which groups of co-workers engage in T-Group-

like discussions to explore and work through interpersonal

and operational problems[39]. Still another model is the

survey-feedback design in which questionnaire data from

employees at several levels are complied. Meetings of

employee groups are then held for the purpose of mutually

analysing and interpreting the results as an aid in solving

organization problems"[40]. Management development aims at

preparing the managers individually for better performance

in the organization. "Organization Development goes one

[39]Davis, S.A., "An Organic Problem-Solving Method
of Organizational Change", Journal of Applied Behavioural
Science, (Vol.III, No.1, 1967) pp.3-21.

[40]Mann, F.C., "Studying and Creating Change:
A Means to Understanding Social Organization", in Arensberg,
D.M., et.al, (ed) Research in Industrial Human Relations,
(New York: 1957) pp.146-167..

step further.   It seeks to change the organizational

environment in which the managers work.   OD aims at

improving the total system so that the full potential

of the manager's abilities is utilised and there is sus-

tained change in their behaviour conducive to better organi-

sational performance"[41].

5.7.2.1 Problems_of_Organizational_Develop-

ment_in_Indian_Context: It has been pointed out that

"the straight forward transfer of American organizational

development technologies to an alien cultural setting could

have deletrious consequences for both the focal organi-

zation and the individuals in it if a concerted effort is

not made to recognise and compensate for the potential con-

flict inherent in applying its value laden techniques in

foreign organizations.[42]   De points out that organization

development with its process focus, as developed in the

West, may not be able to deal with several problems of social

reality like alienation from work and life, the tension

ridden culture of consumerism, and effects of future shocks.

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[41]Ahmad, Abad, Management and Organization
Development- A Behavioural Science.Approach,Op.cit. p.86

[42]Bourgeois III L.J., and Boltvink, Manual,
"OD in Gross Cultural Settings: Latin America", California
Management Review, (Vol. XIII, No.3, 1981) p.307.

The picture is complicated in developing countries where the bureaucratic work orientation with its concomitant values and attitudes dominate public enterprises. The need for establishing an effective system for a continuous rise in the quality of life is quite important in public enterprises. A new culture has to be developed. There is a need to internalize a larger "appreciative system" with OD strategies in terms of the process and design. This may lead to an "ecosystem", a meaningful linkage of the past and the future through the present, an ideal-seeking approach to the future. Such an approach may free OD from its narrow confines.[43]

5.8.0 PROBLEMS OF MANAGEMENT DEVELOPMENT

5.8.1 Programmes designed to develop effective managers are handicapped by confusion about the nature of management and related job requirements. To some, management is essentially an art. While education and training may help to develop the managers the fundamental requirement of a successful manager, like that of a musician or a painter, must be inborn talent. In sharp contrast, some

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[43]De, N.R., "Organization Development for Improving Public Enterprises", Vikalpa, (Vol.1, No.2, 1976) pp.27-40 passim.

others think that management is a science and the manager
will require different aptitudes and preparation must empha-
zise knowledge, analysis and research, as well as skills.
However, the modern theories of management imply that mana-
gement is what is usually described as an applied science.
The notion that management is to be applied science esta-
blishes the educational need for special knowledge and skills.

5.8.1.1   Several reports on qualification of
managers describe what are called executive skills. One
classification identifies three type of skills - tech-
nical, human and conceptual. Technical skills are those
that involve specialised knowledge, analytical ability
within that speciality, and facility in the use of tools
and techniques of the specific discipline[44]. Human re-
lations skills are those that provide facility and effe-
ctiveness in working with, motivating and gaining the
enthusiastic cooperation of people. Conceptual skill
is a combination of vision, imagination and intelligence
that assures perspective in viewing an organization and its
future.[45]   Riegel identifies five classes of basic skills

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[44]See Katz, Robert L., "Skills of an Effective
Administrator", Harvard Business Review (Vol.XXXIII,No,1, 1955)
pp.33-42.

[45]Yoder, Dale, Personnel Management and Indus-
trial Relations (5th ed.) (New Delhi: 1964) pp.422-423.

executive skills to perform lesser jobs, to plan, to

select subordinates and to stimulate them; skills in nego-

tiating; skills in investing and risk-bearing; skills in

visualising, devising, and brining about improvements;

and skills in co-operating with other managers and tech-

nicians.[46]   Dooher and Marquis, who undertook a study of

executives for the American Management Association, conclude

that seven qualities are essential: understanding of the

basic principles governing the industry, ability to evaluate

data, a sense of social as well as of economic responsi-

bility, a talent for developing both the business and its

employees, courage to carry out plans, continuing insist-

ence on research, and ability to judge personal value by

comparison with past, present and future objectives.[47]

Others who have sought to identify qualities that make for

successful executive performance include Argyris, Hook and

Gardner.[48]

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[46]John W. Riegel, Executive Development, (Ann Arbor, Mich.: 1952) pp.197-198.

[47]Dooner, Joseph, M., and Marquis Vivienne, The Development of Executive Talent, (New York: 1952) p.128.

[48]Argyris, Chris., "Some Characteristics of Successful Executives", Personnel Journal, (Vol. XXXII,No.2, 1953) pp.50-55.; Hook, C.R., "For Executives only: A Look at the Man Himself", Management Record, (Vol.XIV, No.5,1952) pp.170-172; Gardner, Burleigh B., "Executives: Their Per- sonality and Its Appraisal", Advanced Management, (Vol.XVIII, No.1, 1953) pp.13-15.

5.8.1.2   Management, as an applied science, uses the method of science and develops and tests theories about the processes in which it works.   The manager is the specialist who knows and understands management theory and its applications.   At the same time, he has the necessary skills to make such applications in working organizations. As in other applied sciences - for example medicine, engineering, or education - the applied scientist is a specialist in knowledge and skills.   Managers acquire and use specialized knowledge and special management skills.   Just as an engineer, for example, may have to translate the knowledge and theory of physics into the design of bridges, managers need their own special skills to fit the knowledge of behavioural sciences to problems of organization and leadership or work groups.[49]

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[49]See Delbert C. Miller, "How Behavioural Scientist can help Business", Business Horizons, (Vol.III, No.2, 1960) p.33; Peter F.Drucker, "Thinking Ahead: Potentials of Management Science", Harvard Business Review, (Vol.XXXVII, No.1, 1959) pp.25-30,; Ralph J. Cordiner, New Frontiers for Professional Managers, (New York: 1956), ; Herbert E. Krugman and Harold A. Edgerton, "Profile of a Scientist Manager," Personnel, (Vol.XXXVI, No.5, 1959) pp.38-49.

5.8.1.3   Training cannot be an isolated exercise. It has to be seen as one segment of the total management development activities of the enterprise.   Ideally the management has to ensure a viable and effective organizational structure and administrative practices before training becomes effective.   Inefficiency, for example, may be due to poor selection, poor organizational controls, poor communication.   These require administrative action. Training may, or may not, solve the apparent problem of inefficiency.

5.8.1.4   There are three factors that contribute with equal importance to the effectiveness of training --the organization, the trainer and the trainee.   Close collaboration among them enables training to be useful. Lack of this three-way cooperation makes training a wasteful luxury.   Viewed in this way, the effectiveness of training will depend on several factors: clear analysis of the organization's training needs; the strategy and training methods that would enhance the trainee's knowledge of his job and provide him with an understanding of behaviour; the top management's conception of training and how they integrate it within the organization; the support of training by the organizational structure and administrative practices in the company.   Only when management develops

a training philosophy that includes in its policy an inte-
grated, or total approach, can formal training in an org-
anisation serve the purpose for which it is set up.[50]

5.8.1.5   It has been pointed out, "A company
must emphasise that every manager has the opportunity to
encourage self-development.   It is the duty of every
manager to develop his subordinates by helping all men work-
ing with him to focus, direct and apply their self-deve-
lopment efforts productively and every company can provide
systematic development challenges to its managers."[51]
Douglas McGregor has noted that:

> ". . . effective development of managers
> does not include coercing them (no matter
> how benevolently) into acceptance of goals
> of the enterprise, nor does it mean mani-
> pulating their behaviour to suit organizat-
> ional needs.   Rather it calls for creating a
> relationship with which a man can take respon-
> sibility for developing his own potentialities,
> plan for himself, and learn from putting his
> plans into action.   In the process, he can

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[50]Dayal, Ishwar, Management Training in Organi-
zations, (New Delhi, 1970) p.vii.

[51]Khanolkar, S.G., "Bridging the Management
Gap", Lok Udyog, (Vol.XII, No.2, 1978) pp.13-15.

gain a genuine sense of satisfaction, for
he is utilising his own capabilities to
achieve simultaneously both his objectives
and those of the organization".[52]

Even well-designed desirable changes, if intro-
duced arbitrarily, fail to produce anticipated results.
There is a definite philosophy and techniques for intro-
ducing changes. Griffin and Pareek rightly observe that
"bringing about change in a field of activity involves
changes in people, in their thinking, feelings and behavi-
our and in relationships among people".[53]

5.8.2 The Strategy for Training

The starting point of developing a strategy
of management development for an business organization
would be to study the management problems in all its aspects.
The organization concerned has to make a systematic and
comprehensive endeavour to analyse the management structure,
decision making process, personnel policies, organisation
structure, authority and responsibility relationship, value
system, etc. The study of these problems would help to

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[52]McGregor, Douglas, "An Uneasy Look at Perfor-
mance appraisal", Harvard Business Review (Vol.XLVIII, No.5,
1972) pp.77-82.

[53]Griffin, W.H., and Pareek, Udai, Some Generali-
zations about Change, Indian Management, (VolII, No.6,1963)
p.24.

focus attention on the management development needs of the organization as a whole. Such a study can be undertaken by a competent team of managers having knowledge of the principles of organization and management and management research methodology. If for some reason, the organization does not possess people with the required competence for undertaking such work, outside consultants can be employed. However, care has to be taken to ensure objectivity of the study whether done by the internal staff or by an outside agency.

5.8.2.1 In the survey of executives conducted for the study, 240 executives were asked to express their opinion with reference to the relationship between training and managerial performance. Table 5.1 shows the distribution of their responses.

Table 5.1

Training and Improvement of Performance

To a great extent	To some extent	Not sure	May not	Not at all	Total
140	62	16	19	3	240
(58.33%)	(25.83%)	(6.67%)	(7.92%)	(0.25%)	(100%)

Table 5.1 shows the view of the executives with regard to the training needs of the executives for improving

their performance. Out of the 240 respondents 202 (84.16%) believe that their performance would improve,if they get management training.

5.8.2.2   In answer to a further question regarding training and the performance of their superiors, they expressed the view that the performance of their superiors would improve, if they get opportunities for management training.   The result of the survey is given in table 5.2.

Table 5.2

Training for Superiors for Better Performance

To a very great extent	To some extent	Not much	Do not require	Not at all	Total
137	65	14	21	3	240
(57.09%)	(27.08%)	(5.83%)	(8.75%)	(1.25%)	(100%)

The majority (84.17%) of the executives believes that the performance of these superiors would be improved by imparting management training.   Effective organizational development also demands that managers of senior and top levels should be exposed to a regular process of continuing education and continuing orientation towards the changing

social and economic environment and realities so that they are capable not only of adopting themselves to such changes but influencing and directing the development of the organization effectively to meet the challenges of changes.

5.8.2.3   Opinions were sought during the course of the survey about the interest of top management in developing a training system in the public sector organizations. The responses of the executives on this matter is presented in Table 5.3

Table   5.3

Interest of Top Management in Developing a Training System.

Definitely Yes	To a very great extent	To some extent	Only very little	Not at all	Total
15	62	128	32	3	240
(6.25%)	(25.83%)	(53.34%)	(13.33%)	(1.25%)	(100%)

Table 5.3 reveals that 205 (85.42%) executives feel that their top management is taking some interest in developing a training system in their respective organizations.   Only 35 (14.58%) managers reported that the top management is not for developing a training system.

5.8.3 Management Development - A Top Management Tool:

Management development is primarily a tool of top management concerning itself with the supply and effectiveness of managers. In addition it will take into account many other parameters such as the expectations of the individual, the social responsibility of the organization, the way in which people are used and services provided but will, nontheless focus on the availability of effective human resources to achieve the goals and objectives. However, the top management support for training does not always come forth in the same measure everywhere. In fact, the amount of support which management training receives varies considerably from organisation to organization and also in the same organisations over time. In some organizations training continues to be something peripheral to management, not a matter of any central concern to it. It may be observed that certain top executives feel that it is not their responsibility. In the absence of full support from top management training will tend to become less relevant, and hence less useful.

5.8.3.1 Usually lack of interest in management training programmes on the part of the top management is due not to any indifference on this part towards their

job, but could be due to an inadequate appreciation of what
is involved in training. This is understandable because
developments in the field of management training in recent
years have indeed been very rapid, and the subject is becom-
ing highly specialised. However, it is important that
top management has so much to do with training and can be use-
fully keep abreast of development in this area. It is
suggested that the Bureau of Public Enterprises of Kerala
or any other top level governmental agency may undertake the
responsibility to conduct short duration seminars or work-
shops on the subject for the top managers of the public
enterprises, in order to give them a better insight and
thereby hopefully a more supportive attitude for training
among them. "The organizational climate established by
top management, including the personnel concepts they hold,
is the single most important influence on the development
of subordinate managers at all levels."[54]

5.8.4 Training and the Organizational Climate:

Undoubtedly training should be able to improve
the skills in doing a particular job. But this can happen
only in an environment where training is held in value in
the organization and trained personnel get full organisational

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[54]Pigors, Paul and Myers, Charles, A., Personnel
Administration, (7th ed) (New York: 1973), p.47.

support in putting to use the skills acquired during training. The success and effectiveness of executive development programmes depend largely on the organisational climate obtaining in the organizations. As Lawrence Siegal puts it, "An excellent management training programme may turn out to be a total failure if the top management provides a leadership example that is contrary to what trainees have learnt in their training programme"[55]. The development process of an executive is largely influenced in the home environment of the company by the way the superiors and peer managers treat people, how they delegate, how they advise, coach, communicate and train, how they encourage ideas, initiative and enterprise, how they provide opportunities to test new concepts, tools and techniques, how they project company goals, policies and philosophy[56].

5.8.4.1 "Whatever be the constraint, a chief executive of a public sector has considerable freedom and authority to set a pace for free and progressive managerial development and create a positive environmental condition by appropriately and fully applying his resources. In a

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[55]Siegal, Lawrence, Industrial Psychology, (New York: 1969) p.47.

[56]Balch, D.E., "The Problem of Company Climate", in Merril, H.F., and Marting Elizabeth (ed) Developing Executive Skills, (New York, 1958) p.66.

complex organization, as public sector industries are, the
top executives alone can generate conscientious efforts,
spirit of fair competition, willingness to shoulder res-
ponsibility and free and frank discussions amongst the
managers. What motivates managers has always been a contro-
versial subject but it is certain that all managers will
give their best when the top executives are open and fair
minded and entrust others with authority and responsibility "[57]

Thus public sector units in Kerala must give emphasis on
providing proper training to top management personnel.
Unless the top management is familiar with the latest manage-
ment techniques other professionally trained executives in
the organization would be frustrated.

5.9.0 THE TRAINING NEEDS

5.9.1 Before any training is undertaken it is
important to ascertain the training needs. When training
is considered to be part of a total human resource develop-
ment system, as it should be, then the diverse purposes
which a needs assessment may serve will become apparent.
It may provide information useful in making decisions about

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[57] Bhattacharyya, Brig. S.C., "Management Deve-
lopment by Environmental Influence in the Public Sector
Industries", Integrated Management, (No.87, 1973) pp.9-10.

individual skill or developmental needs, organizational development needs, training programme design, budget planning, or short or long range work force staffing.[58] An assessment of the training needs should strive to be, what Kaufman and English have defined as "a humanising process to help make sure that we are using our time and learner's time in the most effective and efficient manner possible".[59] It is not correct to assume that just because somebody has failed to achieve a particular result there is a training need. The failure might have been due to a variety of other reasons. A lot of money can get wasted on training when the real nature of a particular performance problem has not been identified as related to a training need. This is what Iswar Dayal emphasises when he says, "what may manifestly appear in some cases to be poor performance for want of adequate training may really be due to outdated systems and procedures which have lost their pragmatic value. Poor measures of performance, poor supervision or unsuitable organisation structures are mistaken for training needs. Training cannot become a substitute for managerial

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[58]DiLauro Thomas, J., "Training Needs Assessment: Current Practices and New Directions", Public Personnel Management, (Vol VIII,No.6, 1979) p.352.

[59]Kaufman, Roder and English, Fenwirck, W., Needs Assessment:Concept and Application, (New Jersey: 1978) p.31.

ineffectiveness; it can improve performance when other
necessary conditions are created within the organization"[60].
The major reason for conducting a careful analysis of the r
reasons for failure is therefore that without such an
analysis a training solution may be applied to the non-
training problem.   Even when a problem has been correctly
defined as one for which a training solution is appropriate
careful analysis is necessary in order to avoid applying
inappropriate training solutions.[61]

5.9.2   The problems of Training Need Analysis:

In any assessment of training needs, one seeks
the answers to the following questions: (1) "Who, if any-
one, needs training"?   and (2) "What training do they need"?
The question themselves are simple enough, but obtaining
good answers to them is one of the most difficult and most
important aspects of the total training process.   Formal
training needs analysis is generally recognised as an
integral part of any well designed training programme by
academics and training practitioners in the private   ctor.

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[60]Dayal, Ishwar, Management Training in Organi-
zations, (New Delhi: 1970) p.3,

[61]Mumford, Allen, The Manager and Training,
(London: 1971) p.78.

The underlying logic is rather straightforward; to utilise
most effectively training funds, one must first carefully
determine the location, magnitude and scope of the training
need.[62]

5.9.2.1   There are a variety of sophisticated
techniques of needs assessment which enable to distinguish
between uncontrollable environmental performance discre-
pancies and more direct skill and knowledge deficiences.
This refinement is presented very simplistically by Michalak
and Yager who separate training needs on the pivotal point
of "can't do" versus "don't do"[63].   "Can't do" problems
can be addressed by training solutions while "don't do"
problems require other strategies.   One of the more succes-
sful ways of deciding what training is necessary, is to
decide what training is not necessary.   This involves
determining the actual character of any performance defi-
ciency, so that alternative strategies, such as organi-
zational change, can be considered.[64]

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[62]Bass, Bernard, M., and Vaughan, James, A.,
Training in Industry: The Management of Learning, (Cali-
fornia, 1966) p.221.

[63]Michalak Donald, F., and Yager, Edwin, G.,
Making the Training Process Work, (New York: 1979) p.8.

[64]Davis, Ivor, K., The Management of Learning,
(London: 1971) p.68.

5.9.2.2   Following the pioneering work of
McGehee and Thayer, it is now customary to use a three-
faceted approach in determining training needs in the org-
anisations.   Accordingly, the training needs analysis
process entails not only some rudimentary disaggregation
but is actually fragmented into distinct sub-processes
comprising:

5.9.2.3. Organization Analysis:-This involves
a study of the entire organization, its objectives, its
resources, the allocation of these resources in meeting
its objectives, and the total economic, political, social
and technological environment within which the organization
operates.   Organization analysis helps answer the question
of what is to be taught in terms of broad content areas.
In so doing, it largely determines the training philosophy
and policy.

5.9.2.4   Operational Analysis:-This involves
a study of jobs within the organisation in a further effort
to define the specific content of training.   It requires
an orderly, systematic collection of data about a specific
job or a group of jobs.   The purpose is to spell out,
in as much detail as possible, what tasks constitute the
job, how they are to be performed and what behaviour
(attitudes, knowledge and skills) the job holder must have

to perform them. Operations analysis enables to determine what an employee should be taught to perform a job at the desired level.

5.9.2.5 Man Analysis:- Man analysis is a tool for determining through appropriate observation, evaluation and diagnostic testing, whether individual performance is substandard and training is needed. This involves a study of the individual in a given job, rather than that of the job itself. The objective is to find out how well each employee is performing the tasks that make up his or her job.[65]

5.9.2.6 Determination of training needs is to be undertaken in terms of goals and objectives of the enterprise and should be viewed as a continuous process. Changing development goals and policies necessitates changes in the nature of the training needs. It is necessary that the institutions responsible for training and development must undertake research to assess and determine training needs of the personnel on a continuous basis. "Analysis of the changes required must begin with an analysis of the

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[65]See: Bass , Bernard, M., and Vaughan, J.A., Training in Industry, op.cit.; Patten, Thomas, H. Jr., Manpower Planning and the Development of Human Resources, op.cit.; Hinrichs, J.R., "Personnel Training", in Dunnette, M., (ed) Handbook of Industrial and Organizational Psychology, (Chicago: 1976) pp.829-860.

goals of the organization. These determine the objectives which different sections of the organization set out to achieve. Once the goals of the total organization are understood training needs assessment follows naturally and easily. Beginning with a clarification of what the business organisation is attempting to achieve - via long term and corporate planning - it is then possible to narrow down short and long term training problems"[66].

5.9.2.7   The first major area where the training programmes seem to be uniformly deficient is the clear identification of the training needs. The aim of training is to bring about improvement in the work performance. However, when the areas - general or specific--where improvement is desired are not accurately identified and clearly spelled out, the training is unlikely to yield anything useful. Training requirements particularly of the non-technical personnel are often based on the vague and general impressions of the supervisor's experience about their performance. Attempts are rarely made at finding out the real training problems and defining them concretely. The inevitable result is uncertainty over the end results of

[66]Leigh, Andrew, "Establishing Needs", in John Humble, (ed) The Experienced Manager, (London: 1973) p.6.

training as there is uncertainty about the training require-
ments. What, therefore, appears to be most importantly
called for in this regard is to lay stress on the clear
assessment and identification of the objectives the train-
ing programme is required to accomplish. Of course, while
attempting an assessment of the training needs in the org-
anization, attention should also be paid to the planning
for future needs alongside the efforts to meet the present
needs.   The present approach--call it 'fire-fighting'
approach--where the situational stresses seem to dictate
the need for training should therefore be discarded.   Ins-
tead, planning, creative thinking and some philosophising
are needed about the techniques and methods of training.

5.10.0 METHODS OF TRAINING NEEDS ANALYSIS

5.10.1 Various methods are employed by the
public sector concerns to select executives for training.
The data collected from the units are summarised in Table
5.4 .   From the Table it is seen that the public sector
concerns in Kerala, usually employ more than one method
or a combination of methods at a time to select an exe-
cutive for a training programme.   The most common pra-
ctice is that when an invitation for a particular course
is received, the chief executive usually consults the con-
cerned head of the department about selecting a person for

Table 5.4

Methods of Training Need Assessment in Public Sector Concerns

N = 42

S. No.	Method used	No. of Companies using the method	Percentage
1.	Analysis of personal inventory	20	47.62
2.	Performance appraisal	10	23.81
3.	Recommendations of the Superior/ Head of the Department	30	71.43
4.	Suggestions/Requests from the individual executives	25	59.52
5.	Peer Suggestions	0	0
6.	Report of the consultants	0	0
7.	Chief Executive's suggestion	25	59.52
8.	Training needs survey	0	0
9.	Invitation from the Training Institutions	25	59.52

Note: The percentages add upto more than hundred as the same organization may use more than one method.

the training course. On the suggestions of the Head of the Department the Chief Executives takes the decision. It can be observed from the above data that, in effect the three prominent methods are employed simultaneously. Once the invitation from a training institution is received by

the company the chief executive selects candidates in consultation with/on recommendation of the head of the department concerned. The implication of the procedure of selecting people for training on the basis of suggestions from the concerned individuals is that there is very little objectivity in selection process. The more scientific methods such as training needs survey, reports of consultants or peer group suggestions are seldom employed. Performance appraisal as a method for analysis of training needs and selection of candidates is used rarely.

5.10.1.1   The subsidiary companies of the Kerala State Industrial Enterprises have of late, evolved a system which is worthwhile to be mentioned here. They identify the training needs of the various departments at periodic meeting of the heads of departments. The heads of departments meet every alternate day. In such meetings wherever there is a proposal they identify the persons to attend particular training programmes outside the company.

5.10.1.2   Certain units like Travancore Cochin Chemicals, Forest Industries (Trav.) Limited, Traco Cables, Kerala Electrical and Allied Industries, Kerala Agro Machineries Corporation, etc. sponsor executives for attending the part time M.B.A. porgramme conducted by the School of Management Studies, University of Cochin. The candidates who

are attending the three year part time course may get some
financial help for the pursuit of their studies. However,
there is no consistent policy about this, nor do they have
evolved uniform pattern among themselves. Recently,
School of Management Studies, University of Cochin has
reserved three seats for the full-time M.B.A. programme
to the government or public sector executives. One exce-
ptional case, worthy to be mentioned here, is the financial
help extended to a candidate by the Travancore Titanium
products who underwent the full time M.B.A. programme of the
Cochin University. It seems that other public sector con-
cerns like Plantation Corporation are also trying to follow
the example, by deputing executives to attend the manage-
ment education programmes in Universities and Institutes.

5.10.1.3   It is interesting to note that no
public sector unit has carefully chalked out a plan to
assess the training needs of its executives. Nor have they
developed a plan for executive succession and career
planning. "The need for an appraisal system is even greater
in high technology based industries, which most public
sector enterprises are, because the individual initiative
to learn and adjust to the requirements of changing tech-
nology is greater, and upon this adjustment depends

the stability and growth of the enterprise"[67].

5.10.1.4   Keeping an up-to-date bio-data of executives is the practice in all the units under study. All the concerns have sufficiently detailed information about the individual case history of the executives. The details of personal records may be classified as below:

Nature of Personal Information Available

1.   Personal particulars (age, sex, height, weight, etc)

2.   Date of joining.

3.   Appointments held within the company.

4.   Details of education.

5.   Special training

7.   Training within the company.

8.   Special assignments in the company.

9.   Special assignments outside the company.

10. Remarks by the superiors.

An intensive audit of the skills possessed by the executives may be made on the basis of the personnel and skill inventory. Matching this information on the 'available skills' with the required skills will throw

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[67]Dayal, Iswar, "Cultural Factors in Designing Performance", in Bolar, Malathi (ed) Performance Appraisal, (New Delhi: 1978) p.40.

light on the deficiences in skills. Development of these
skills during the desired period of time is the goal to be
attained with the help of institutional or other methods
of training. The process of identifying training needs
can be supplemented by the careful analysis of the organi-
zational problems diagnoised by the experts to find out
important areas of weakness which otherwise are likely to
remain concealed. Investigation has revealed that no pub-
lic sector company has ever utilised these bio-data for
analysis to determine the kinds of talent available or to
find out the specific deficiencies of the individual exe-
cutives _vis-a-vis_ the organization objectives.

5.10.1.5 Opinion of the executives with res-
pect to fairness in selection for management training pro-
gramme is presented in Table 5.5.

Table 5.5

Fairness in Selection for Management Training
Programmes

Totally fair	Somewhat fair	Satis-factory	Slightly unfair	Completely unfair	Total
6	20	132	76	6	240
(2.5%)	(8.33%)	(55.0%)	(31.67%)	(2.5%)	(100%)

From Table 5.5 it can be seen that nearly 65.83% of the executives hold the view that the present selection of executives for management development programmes is done on a fair basis, only 34.17 per cent hold the view that the selection is not fair.   It is rather surprising to note that a large number of executives are satisfied with the present method of selection for management development programmes, even though no scientific tools and techniques are used in assessing the training demand.

5.10.1.6   The training needs analysis should be the foundation upon which the entire training effort should be raised.   This aspect of the identification of the genuine needs for training is important if the entire exercise is not to degenerate into ritualism or merely remain as status symbols of false modernity.

5.10.2   Problems of Selection for Training:

Several problems are faced at the unit level in selecting executives for management development programmes. Important among them are listed below:

> i)   Shortage of executives at key positions:
> Due to shortage of positions it is almost impossible to spare people for management development programme, eventhough there is a felt need for the programme.

ii) As a consequence, often, the next level
people are selected for training even
though they are not interested and the
organisation may not get any immediate
benefit from their training.

iii) Personal problems of executives often
prevent them from going for the training
even if they are selected. This is
particularly so as training plans are
not made in advance and often selection
takes place on an adhoc basis abruptly.

5.10.3 Performance Appraisal as a Tool for Training Need Analysis:

In all the companies under study, the different
managements have developed their own performance appraisal
systems in their own way. Each organisation has its own
name for such appraisals. In all the units the periodicity
is once an year. But out of the 42 concerns under study
only four have developed a performance appraisal system on
modern lines. The best system designed is in Keltron.
But, the personnel department or any other section in the
company has not seriously attempted to analyse these
records and develop a training plan and fix the priorities
for individual development. This could be due to lack of
experience or knowledge on the part of the senior executives
or just indifference. In many organizations the so-called
personnel or performance appraisal system now in vogue is
nothing more than the "confidential report" system prevaiing

in Government. In some others the system is only a "poor
imitation" of the principles and practices evolved in
successful organizations.

5.1u.3.1 By and large it appears that in the
public sector concerns in Kerala the performance appraisal
system has been relegated to the position of a mere ritual,
devoid of any practical value for the organization or their
employees. None of the executive in these organisations
who were interviewed seemed to be satisfied with the system.
Many executives believe that the assessment is too subje-
ctive. When appraisal takes place within the context of
the superior-subordinate relationship, individuals rather
than their performance come under review and as such it may
become a personal and purely subjective assessment. Not
infrequently the performance appraisal becomes an occa-
sion for the superiors and their subordinates to try and
vindicate themselves at the expense of the other. Whether
the recrimination is, expressed or implied, the confront-
ation will, certainly, lead to alternating frustrations,
anxiety, guilt and resentment as each faces criticism from
the other. Perhaps lack of training on the part of app-
raisers may be the real bottleneck. A more important reason
may be the attitude of the appraisors and apprisees. Instead
of doing the exercise once in an year it should require a

different approach where persons are to be continuously appraised on the basis of mutually agreed norms.

5.10.3.2 Performance appraisal of the existing personnel is one of the most important, but unfortunately also one of the most neglected, functions of management at all levels. Careful appraisal, no doubt, takes time and superiors at every level, busy as they are with constantly pressing operational problems, tend to put off this task till it cannot be postponed and then complete it in a hurry. Moreover, little effort is made as yet in public undertakings either to impress on the minds of managerial officials the importance of careful appraisal or to train them in the techniques. The appraisal forms in many undertakings are borrowed from traditional governmental forms and hardly any thought is devoted to scrutinising and improving them. Merit increments, personnel development programmes and a good policy of advancement cannot be introduced in an organisation unless the system of appraisal is improved in all these respects.[68]

5.11.0 TRAINING PROGRAMMES IN PUBLIC SECTOR

5.11.1 The training programmes in the public

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[68]For a brief but valuable introduction to this, see, Commission on Organisation of the Executive Branch of Government--Task Force Report on Personnel and Civil Service, op.cit., pp.91-93.

sector concerns in Kerala are of different types. They are:

      i) on the job,

     ii) company-wise internal formal training,

   iii) formal outside training.

The newly inducted executives are provided with two types of developmental process viz., (i) on the job experiences and (ii) formal training and development pro-grammes. On the job training includes rotational assign-ments, under study, special assignment, interdepartmental conference, etc. Rotational assignments helps the execut-ives to get a comprehensive outlook, and the nature of work in the various departments of the firm. The comprehensive outlook gained through job rotation will help to solve many a problem arising out of misunderstanding among different functions. The newly joined executives are put under a senior manager as under study. The seniors are expected to induct and develop the understudy to take up independent responsibility. The trainees are often given special assignments and they usually submit a report on the work. Thespecial assignment helps tremendously in the growth of the individual. The executives under training are allowed to attend interdepartmental conferences. This method widens the horizon of the trainee, giving him the feel of how the pieces fit into puzzle.

5.11.2   Even though the Kerala State Road
Transport Corporation and Kerala State Electricity Board
send their executives for training, it may be observed that
training is never considered to be a prerequisite for holdirg
an executive position in these organizations.   The Kerala
State Road Transport Corporation occasionally sends its very
senior officers for management development courses in insti-
tutions such as the Administrative Staff College of India
and lower level officers to Central Road Transport Research
Institute, Poona, the National Institute of Training in
Industrial Engineering and the Indian Institute of Petro-
leum.   It also sends a few officers for practical training
in major automobile manufacturing units in India. However,
when an employee gets promoted to the grade of Assistant
Transport Officer or District Transport Officer he is not
given any managerial training.   He gets this promotion on
the basis of strict seniority.   Merit or efficiency has
no influence on such promotions nor is there any system
by which the merit of officers at the lower level can be
assessed.   Consequently the employees are generally indif-
ferent to training.   Kerala Financial Corporation and
Kerala Warehousing Corporation send their senior officers
occasionally for training organised by Institutes like   _
Indian Institute of Managements, Administrative Staff

College, etc. All government companies except the Forest Industries (Travancore) Limited, Pallathra Bricks and Premo Pipe Factory select people for formal management training by outside agencies. The manufacturing companies, now-a-days are very keen to get their managers trained in established institutes. The Kerala State Industrial Enterprises took the lead in this matter in 1977.

5.11.2.1 In Kerala State Financial Enterprises it has become almost a set pattern to send the promoted and newly recruited executives to training in institutions like School of Management Studies, Institute in Management in Government and Centre for Management Development. Apart from sending individual managers for training they regularly organise company-wise executive development programmes. They usually seek help from the experts available in the State. This is perhaps a welcome change and it may be followed by other public sector units.

5.11.2.2 Of late, organisation based programmes have been organised in two of the public sector units viz., Travancore Titanium Products Limited, and Kerala Financial Corporation. These programmes cover the two different areas of functional and general management.

5.11.3   Organisations which have offices in
the Cochin area, generally sponsor managers for undergoing
the evening MBA programme conducted by the School of Manage-
ment Studies, University of Cochin.   However, it may be
observed that not all the public sector concerns are happy
to sponsor the candidates.   Moreover, candidates from the
different public sector firms enjoy different kinds of
support and benefits.   However, during the last one and a
half decades or so more than a hundred executives from public
sector concerns both central and state have benefited from
this arrangement.   Now certain companies depute their
executives for undergoing full time M.B.A. programme of the
Cochin University.   Very few firms have availed of this
benefit so far.

5.11.3.1   Survey on training conducted for the
purposes of this study it is seen that 72.08 per cent of
the executives who were surveyed have attended one or more
formal management development programmes, organised in the
company or by an outside agency.

Table 5.6
Participation of Executives in Training Programmes

Number attended	Not attended	Total
173 (72.08%)	67 (27.92%)	240 (100%)

5.11.3.2   Out of the 42 organizations surveyed 38 have sent their executives for training programmes conducted by outside agencies.   Out of the 173 people who underwent management development programmes, 103 (42.92%) participated in outside the company training programme.

5.11.4   Managers who underwent the training programmes organised by outside agencies were requested to rank three methods of teaching in order of their preference. The data collected is summarised in Table 5.7.

Table 5.7
Preference of Pedagogic Method

Method	Rank		
	1	2	3
1. Lecture	12 (6.94)	14 (8.09)	21 (12.14)
2. Case method	49 (28.32)	45 (26.02)	28 (16.18)
3. Incident method	12 (6.97)	16 (9.25)	23 (13.29)
4. Business games	18 (10.41)	22 (12.73)	16 (9.25)
5. Practical training	24 (13.87)	21 (12.14)	31 (17.93)
6. Sensitivity training	6 (3.47)	9 (5.20)	15 (8.67)
7. Role playing	8 (4.62)	14 (8.09)	16 (9.25)
8. Seminar & Syndicates	44 (25.43)	32 (18.49)	23 (13.29)
	173	173	173

(Figure in brackets indicate respective percentages).

5.11.4.1   Based on the above data it is clear
that the trainees give preference to the case method, semi-
nars and syndicate, and practical training.   Next they
prefer business games and incident method.   The traditional
lecture method has been relegated to sixth place.   Role
playing and sensitivity training are the least popular
methods of training.

5.11.4.2   The advantages of the case study
method are that it takes real life problems and situations
to the class room, gets the trainees to look at wider
aspects of a given issue (since there are no "right or
wrong" kinds of decisions) and inculcates a capacity to
confront unstructured problems.   The disadvantages are
that it takes paper problems to the class rooms and enco-
urages paper solutions, almost completely takes out the
human element as a factor for consideration in problem
solution and encourages a tendency to look for formula rid-
den solutions.   Further cases are often vague and nonspeci-
fic and do not throw up concrete issues.   Moreover, in
almost all the training programmes there is a tendency to
use indiscriminately American cases.   American case studies
may not be really relevent to the Indian scene.   There
are such major differences in the business environments in
the two countries - government policies, levels of compet-
itions, organizational culture and social values.

5.11.4.3   **The syndicate and seminar methods**
provide participants with opportunities to exchange ideas
and recollections of experiences.   Through this exchange
they stimulate each other's thinking, broaden their out-
look, and also provide experience in give and take.   The
method is most promising if the group consists of people
who come from different professional backgrounds and fun-
ctions but who work in similar organisations and jobs.
The contacts and goals are then similar but the range of
ideas and points of view brought to bear on them are wide.
The understanding and tolerence that gets developed is appro-
priate to general rather than functional management and
useful for considering issues of broad policy.

5.11.5   It was observed by the executives who
had undergone training that they often experience diffi-
culties in implementing the knowledge and skill gained by
them through the training programme in their work.   The
training imparted had no immediate utility to them in their
day-to-day operations and in solving actual problems faced
by them.   A sample of 173 executives were asked whether
they found proper environment in the organizations in which
they were working for implementing the knowledge and skill
acquired through the formal management development pro-
grammes.   The result is summarised in Table 5.8.

Table 5.8

Conduciveness of Environment for applying
the Knowledge and Skills Acquired Through
the Management Development Programme.

	Conduciveness of environment	Respon-dents	Percent-age
a)	Completely conducive	0	0
b)	To a great extent	20	11.56
c)	To some extent	71	41.04
d)	Not conducive	64	36.99
e)	Not at all conducive	18	10.41
		173	100.00

5.11.5.1   It is clear from the Table 5.8 that there is no proper climate in these organisations to implement the modern management techniques and tools.   The respondents were asked to point out the reasons for this pι .nomenon.   The answers revealed that several factors were responsible for this.   Some of the prominent ones are given below:

i)   the top management often resist introducing new methods of operation.

ii) The comparatively small size of the
     company and obsolete technology of product-
     ion reduce the scope of introducing
     scientific methods.

iii) There is no proper consultation among
     various levels of the hierarchy before
     decision making.

iv) The resistance from trade unions.

5.12.0 CENTRE FOR MANAGEMENT DEVELOPMENT

5.12.1 On the recommendation of the Committee
appointed by Government of Kerala to study the management
development of public enterprises in Kerala, the State
Government established in 1979 the Centre for Management
Development at Trivandrum as an autonomous institution
supported by the industry. The objectives of Centre for
Management Development are:

- to foster, improve and develop suitable
  systems of management in all sectors of
  economy,

- to develop managerial competence in
  various functional areas of management.

- to assist, advise and help enterprises in
  selection, training and development,
  manpower planning, career development,
  succession planning etc.

- to undertake management consultancy ser-
  vices.

- to impoart induction training to new re-
  cruits and those taking up new assignments
  and short term refresher programmes to
  working managers.

- to organise Entrepreneurial Development Programmes.

- to organise training programmes for Directors nominated on the Board of Directors, Government Officers concerned with management of enterprises and trade union leaders.

- to promote, conduct and engage in research work and institute a Research Cell for developing management practices oriented to different environments.

- to help organisations in the selection of top and middle managers and other managerial personnel.

- to assist large organizations to develop their own management development programmes.

- to function as a coordinating agency to bring together collective efforts of Government, Public, Joint, Co-operative and Private Enterprises, Universities, Professional Bodies and Associations in the field of management.

The Centre offers a variety of short term programmes for working managers from various organisations at all levels which cover various functional areas of management like production, finance, marketing, personnel, industrial relations, materials management, management information system etc., apart from General Management.

5.12.2 Activities of Centre for Management Education

Since the Centre started functioning on 13th August 1979, the following training programmes were organised.

Management Development Programmes Conducted from 13th August 1979 to
December 1982 by Centre for Management Development

Sl. No.	Programme	Dates	Participants		
			Public Sector	Private & Joint Sector	Total
(1)	(2)	(3)	(4)	(5)	(6)
1.	Workshop on MBO & Corporate Planning Tier - I	13 to 15 Aug. '79	23	1	24
2.	Workshop of MBO & Corporate Planning Tier II	16 to 18 Aug. '79	18	1	19
3.	Total Marketing Approach	27 to 29 Sept. '79	20	1	21
4.	Managerial Involvement & Team Work Tier I	8 to 10 Nov. '79	8	2	10
5.	Managerial Involvement & Team Work Tier II	11 to 13 Nov. 79	6	2	8
6.	Consumer Price Index	13 to 15 Dec. 79	15	1	16
7.	Effective Executive	10 to 12 Jan '80	10	5	15
8.	Finance for Non-Finance Executives	17 to 19 April '80	6	9	15
9.	Production Management	5 to 7 June 80	7	3	10
10.	Materials Management	6 to 8 Aug. '80	5	5	10

(1)	(2)	(3)	(4)	(5)	(6)
11.	Management Information System	24 to 26 Sept. '80	7	1	8
12.	Human Resources Management – Current and Emerging Trends	11 to 13 Dec. '80	5	3	8
13.	Finance for Non-Finance Executives	20 to 22 Apr. '81	7	2	9
14.	Financial Control & Reporting System	15 to 18 June '81	10	3	13
15.	Finance for Non-Finance Executives	27 to 29 Aug. '81	8	7	15
16.	Problems of Management of Personnel & Employee Relations	28 to 30 Sept.'81	21	9	30
17.	Computers & Management Information System	10 to 12 Dec. '81	17	3	20
18.	Behavioural Laboratory for Managerial Effectiveness	27 to 31 Jan. '82	11	3	14
19.	Management of Maintenance – Current and Emerging practices	2 to 4 March 82	5	2	7
20.	Materials Management	22 to 24 March 82	12	1	13

(to be contd..)

(1)	(2)	(3)	(4)	(5)	(6)
21.	Management of Discipline	10 to 12 June '82	8	2	10
22.	Supervisory Development	27 to 31 July '82	20	2	22
23.	Working Capital Management	29 Sept. to 1 Oct. 1982	18	4	22
24.	Application of T.A. and Behavioural Science for Managerial Effectiveness	22 to 24 Nov. 82	15	3	18
25.	Marketing	20 to 22 Dec. '82	12	1	13
	Total		294	76	370

From Table 5.9 it is seen that the Centre has conducted 25 Management Development Programmes during the period from 13th August 1979 to the end of December 1982. Out of the 370 participants in these programmes 294 (79.46%) were from public sector concerns.

5.12.2.1 In addition, the Management Development Centre also organises company based programmes. During the same period as above, i.e., from 13th August 1979 to the end of 1982 the following company based programmes were offered by the Centre. Of the three organizations, O/E/N India Limited is in the private sector. The other two are public sector organizations.

Table 5.10

Organisation Based Programmes Conducted by Centre for Management Development

S. No.	Programme	Organization	Dates	No. of Participants
(1)	(2)	(3)	(4)	(5)
1.	Behavioural Science & Interpersonal Relations I Batch	Travancore Titanium Products Ltd.	7 to 9 March '80	25
2.	Behavioural Science & Interpersonal Relations II Batch	-do-	10 to 12 March 80	22
3.	Finance and Budgetary Control I Batch	-do-	14 to 16 Apr. '80	23
4.	Finance & Budgetary Control II Batch	-do-	17 to 19 April 80	22
5.	Production Management I Batch	-do-	19 to 21 May 1980	23
6.	Production Management II Batch	-do-	22 to 24 May 1980	22
7.	Maintenance & Spare Parts Management – I Batch	-do-	9 to 11 June 1980	21
8.	Maintenance & Spare Parts Management – II Batch	-do-	12 to 14 June 1980	22

(contd....)

(1)	(2)	(3)	(4)	(5)
9.	General Management	Kerala Financial Corporation Ltd.	21 April to 3 May 80	13
10.	Orientation Programme for Newly Recruited Assistants	-do-	12 to 24 Jan.'81	25
11.	Orientation Programme for Newly Recruited Assistants	-do-	1 to 10 April 81	25
12.	Behavioural Science/ Human Relations	O/E/N India Ltd.	27 to 29 April 81	25
13.	Behavioural Science/ Human Relations	-do-	14 to 16 Sept. 81	25
14.	Behavioural Science/ Human Relations	-do-	29 to 31 March 82	25
15.	Behavioural Science/ Human Relations	-do-	7 to 9 June 1982	25
16.	Behavioural Science/ Human Relations	-do-	9 to 11 Aug. 82	25

5.13.0   ELITISM IN MANAGEMENT DEVELOPMENT

5.13.1   In the last two decades, a large
number of institutions both public and private, have
devoted attention to management development programmes.
There is, of course an increasing demand now for progra-
mmes from public sector enterprises and government organi-
sations for various type of national schemes requiring the
training of personnel in different types of activities.
But the whole arrangement has resulted in the prolifer-
ation of institutions and programmes.   According to one
estimate management development accounts for a direct
expenditure of Rs.1.5 crores per year for the training of
about 8,500 executives.   In addition, the sponsoring
organizations spend about Rs.80 lakhs on travelling allow-
ances and other expenses.   By 1985, we may need to train
about 12,000 executives annually which might involve a sum
of about Rs.2.5 crores.[69]

5.13.2   Despite the diversities in the areas
of and approaches to these courses, there seems to exist
a broad commitment to democratisation of work place. Con-
sistent with the world wide trend, the manifest contents

[69]Srinivasan, A.V., "Executive Development in
India", ASCI Journal of Management, (Vol.VI,No.2,1977) pp.135-46.

of the courses tend to liberalise the management system,
recognise the worth of even an ordinary employee, share
information, delegate authority, decentralise decision
making, and above all let all members of the organization
grow and actualise their potentials along with the growth
of the organization[70].   In this context one is struck
by certain unwelcome developments in Indian management
eudcation which are likely to negate its professed pur-
pose; democratisation of the work place[71].

    5.13.3   The exhorbitant cost of training as
revealed from the Table 5.11 creates a number of compul-
sions.   Smaller organizations find it difficult to parti-
cipate in many of the programmes.   In order to justify
the exhorbitant fees, the courses have to be run in luxuri-
ous settings.   It is necessary the argument gces, that an
executive is taken out of his job situation where he is
generally troubled with volley of distractions, details
of job, and above all where he is under the grip of
inertia and tends to do his job in the same

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[70]See Sinha, J.B.P., "Organizational Dynamics"
in Pareek, U., (ed) Second Survey of Researches in Psycho-
logy, (New Delhi: 1977)

[71]Sinha, J.B.P., "Elitism in Management Develop-
ment Programmes", Economic and Political Weekly (Vol.XIII,
No.21 1978), p.61.

Table 5.11

Expenditure Pattern of Management Development Courses[72]

Nature and Number of Courses		Duration (in days)	Fees in Rupees per person/day.
Institution - I			
Hardware	Residential (25)	7.80	256.61
Software	Residential (11)	16.73	185.87
Institution - 2			
Hardware	Residential (11)	8.09	246.52
	Non-Residential (5)	7.40	145.95
Software	Residential (9)	7.55	279.04
	Non-Residential (2)	4.00	250.00
Institution - 3			
Hardware	Residential (12)	7.58	281.87
Software	Residential (13)	7.38	266.15
Insitution - 4			
Hardware	Residential (2)	5.50	259.09
Software	Residential (9)	6.11	270.91
	Non-Residential (1)	5.00	100.00
All Institutions			
Hardware (average)	Residential (50)	7.24	261.02
	Non-residential (5)	7.40	145.96
Software (average)	Residential (42)	9.44	250.49
	Non-Residential (3)	4.50	175.00

[72]Source: Ibid, p.M-62

old way. His frozen style, obsolete technology and mis-
givings and distrust of his fellow beings have to be de-
frozen and reshaped. . . . It is partly the money and
partly our socio-cultural values which translate the con-
cepts of 'safe' and 'supportive' into 'luxuorius' and
'expensive' setting.[73]

5.13.4 It has been observed that "the programmes
often suffer from the lack of necessary knowledge of the
instructors in respect of the problem area, especially in
the Indian context. More often than not the participants
are more interested in sheer creature comforts provided in
the luxurious hotels where these programmes are conducted.
The quest for knowledge is often conspicuous by its absence.
The mercenary motive is found by the faculty to be more
rewarding in their scale of values, as most of the target
groups neither care to be exacting enough, nor do they have
the necessary background to assess critically the fare they
are served. . . . Preparatory work by the interested faculty
is minimal in these cases and they are prone to borrow
heavily from whatever is available in the literature of
the Western countries irrespective of any sense of rele-
vance. They hardly appreciate that in most of these areas,

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[73]*Ibid*, pp.61-63

very little or only the most perfunctory and scattered work has been done in the Indian context"[74].

5.13.4.1   As one observer points out, "a closer look, however, is likely to disclose that the games and exercises are all of Western orign.   The same 'Prisoner's Dilemma', 'Bargaining of Chips', 'Fish in Bowl', 'Here and Now', 'Managerial Grid', 'FARO-B', 'Maslow's Need Hierarchy', 'Herzberg's Motivators and Hygienes', which were developed in the fifties and sixties in the West, constitute the bulk of our staples.   No important concepts, theories, or techniques of Indian origin have evolved out of millions of rupees and hundreds of hours of exercises in these courses Such innovations emerge only out of concentrated efforts sustained through prolonged concern for the realities of Indian organizations"[75]

5.14.0   MANAGEMENT DEVELOPMENT IN DEVELOPING COUNTRIES

5.14.1   The propbelm of management development in developing countries is that they have to find new insights and new knowledge which feels essentially true to

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[74]Biswas, A.K., "Research in Management Science in Theory and Practice", Economic and Political Weekly, (Vol.XIV,No.9,1979) pp.37-38.

[75]Sinha,J.B.P."Elitism in Management Development Programmes", op.cit. p.63.

to the people of that culture, knowledge which takes into
account modern technology as well as the collective past
and the "cherished beliefs" of the people. While it is
recognised that there is need for change in many practices,
it needs to be equally recognised that continuity with some
aspects of the past is crucial to the identity of people
and the growth of new institutions.[76] "Management deve-
lopment in any society is a process which is closely related
to its culture. Social value and the internal culture
of the business houses influence the speed with which the
management development can take place, the form it takes,
the agencies which bring it about and the methods that have
to be used. In the ultimate analysis, the level of manage-
ment development in a community has to reflect the attitude
of business houses, their readiness to accept change and
their awareness of the need to improve managerial effici-
ency. This in turn, is influenced by the environmental
pressures, restraints and stimuli to which business is
exposed and the social order in which has to function."[77]

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[76]Choudhry Kamala, Change-in-Organizations,
(Bombay: 1970) pp.197-198.

[77]Gupta, S.P., Development of Managerial Skills
in India, (New Delhi: 1979) p.40.

Merely to assert that management is management wherever
it is practiced suggests a lack of appreciation of the
environmental factors. A number of writers who have
studied management in various countries have underscored
the significance of the environmental impact on manage-
ment.[78]

    5.14.1.1   The impact of culture manifests
itself strongly on the motivational processes of the Indian
manager. As McClelland[79] has noted and Sudhir Kakkar[80]
has confirmed, due to cultural reasons an average Indian
is low on achievement needs which has resulted in a certain
amount of fatalism in their behaviour. The theory of
karma postulates that what one experiences in his life is
preordained by the deeds in his previous birth. Therefore
one sees no reason to work hard if he is not the master of

[78]See: McGuire, Joseph, Business and Society,
(New York: 1963); Davis Keith and Blomstrom, R.L., Busi-
ness and Its Environment (New York, 1966), Aguilar,
Francies, Scanning the Business Environment (New York:
1967), Chamberlain, Neil, Enterprise and Environment,
(New York: 1968).

[79]McClelland, D., The Achieving Society, (New
York: 1961)

[80]Kakkar, S., "The Theme of Authority in Social
Relations in India", Journal of Social Psychology,(No.84,1971)
pp.93-101.

his own destiny.[81]   On the one hand, it breeds a sense
of mass apathy and on the other a feeling of generalised
impotence.

5.14.1.2   The lack of need for achievement and
the resultant fatalism reflects itself on the leader-sub-
ordinate relationship, says Chattopadhyaya:

> ". . . The Indian personality by and large
> is incapable of behaving in a mature, mutually
> dependent way. He fantasies   ominipotence if
> he is in a position of perceived power, which
> reduces others to dependent positions; or he
> feels impotent when he faces people who have
> greater power and believes that he is utterly
> dependent on them. Fatalism blunts achieve-
> ment orientation among Indian managers, makes
> them feel helpless in shaping their environ-
> ment and highly dependent on authority figures
> which may be the sethji in business or the
> cabinet secretary or the minister in the public
> sector".[82]

5.14.1.3   The need to understand management
in relation to the social and economic environment, and
the suggestion that management principles and techniques
are conditioned by the demands of socio-cultural environment

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[81]See Shah A.B., and Rao, C.R.M. (ed), Tradition
and Modernity in India, (Bombay: 1965)

[82]Chattopadhyaya, G.P., "Ominipotence and
Impotence: Two Faces of Immature Dependency", Indian Manage-
ment (Vol: XIX, No. 11, 1980)

were emphasised by Chowdhry and Takesawa,two well-known
management scholars from India andJapan respectively.[83]
All organizations exist in given environments, but there
is interaction between organizations and their environ-
ment.   Agryris express the same idea.   ". . . all orga-
nizations are open systems in the sense that they are
influenced by and they in turn influence the environment
in which they are embedded. . . "[84].   A manager is not
necessarily a passive agent[85].   He interacts with his
environment and tries to mould it in order to achieve
certain desired results.   How well he moulds the environ-
mental constraints will have considerable bearing upon the
firms effectiveness.   More specifically, management pra-
ctices concerning planning, organising, staffing and

[83]Chowdhry, Kamala, "Social and Cultural Fact-
ors in Management Development in India and the Role of the
Expert", and Takezawa Shinichi, "Socio-cultural Aspects
of Management inJapan", International Labour Review, (Vol.
94, No.3 1966) pp.132-147.

[84]Argyris, Chris, Integrating the Individual
and the Organization, (New York: 1964) pp.153-154.

[85]Sethi Narendra, K., The Setting of Admini-
strative Management in India, (New York: 1969) p.

controlling--as well as management effectiveness in hand-
ling manpower--were not unduly constrained by environmental
and cultural factors. In any given socio-economic and
cultural milieu there are a number of options open to the
manager of an industrial enterprise.[86]

5.14.2 Indian culture demands that people
higher in status may be addressed to reverentially, and
unpleasant things should not be mentioned before them. It
becomes difficult for the managers to give correct infor-
mation or opinion if they feel that it may be unpalatable
to those in authority. Organizations whether in public
or private sector are considered merely as extensions of
the personalities of their chief executives. These people
are suspicious of outsiders, especially in matters relating
to money. They bring in their trusted lieutenants, viz.,
'munims' in private structure, giving it a perverted twist.[87]
The flaws in communication processes make it very diffi-
cult to take rational optimal decisions. More specifically,

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[86]Neganthi Anant, R., Prasad Bengamin, S.,
Comparative Management, (New York: 1971) p.164.

[87]The role of 'Munims' has been discussed by
Somani, N.K., Changing Profiles of Private Sector, (New
Delhi: 1976) and on Public Sector Management, see, Sharma,
I.J., "Public Sector Working Environment", Economic Times,
(Bombay, 27 June, 1981).

the participation of concerned managers in the decision making process becomes difficult. Administration becomes totally centralized.

5.14.2.1   It is true that Indians do have an aptitude for scientific education and research. India has built a creditable base in sophisticated education and technology. But the attitude of an Indian towards change sounds totally intransigent. Studies conducted in early fifties revealed that "resistance to change in India was significantly greater than in the US", because of cultural forces.[88] Although the situation in India has considerably changed now because of educational and technological changes that have taken place after independence, yet changes in traditional societies are slow and halting and beset with grave resistance and fricition. On the social platform of India, ritualism and organizational loyalty is as reverential. "We may note, for instance, that the real differences stem perhaps from the value-orientations of the two types of society. In one, the American, the shaping and the promotion of the discipline of management is indeed evolutionary, because it grows out of and is consistent with the other institutions connected with the other pursuit

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[88]Rice, A.K., Productivity and Social Organization: The Ahmedabad Experiment, (London: 1958)p.189

of that society. The character of management as an institution is consistent with the value - orientations of most (if not all) of the other facets of social organization, the judicial, religious, familial, educational and, perhaps, even the recreational institutions. It is not without significance that the name chosen for at least one technological marvel of the nuclear age was Enterprise"[89]

5.14.2.2 "It is realised that both management practitioners and theoreticians must formulate a theory of changing as the twentieth century tasks cannot be managed with the nineteenth century social organizations. The emerging nations are following the technology of the West and are facing challenge of change in the given cultural climate. Like other industrial civilizations, they would also face to task of increasing organizational effectiveness by means of integration social influence, collaboration, adaptation and revitalisation"[90]. It is a matter of compulsion for the public sector units in India professing a socialist philosophy to become leaders in the field of management and set examples of managing people in

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[89] Padaki, V. "Management Movement in India", Economic and Political Weekly, (Vol.XVI, No.35, 1981) pp.90-94.

[90] Mishra, M.L., Contemporary Management Thinkers, (New Delhi: 1980) p.121.

the light of accepted social norms and values.   In fact,
the managers in the public sector units in India, have
to keep themselves abreast of the problems of poverty
and maldistribution of income.   Thus, the experience
of managerial organizations should be oriented towards the
ethos and climate of different social systems and applied
to changing situations in a rational and innovating manner.

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

6.1   The rationale behind the establishment of public enterprises is not just profit alone, but also the fulfilment of certain national objectives of economic and social transformation.   It follows that these enterprises cannot be run like private enterprises.   There cannot, of course, be two opinions about the necessity of public enterprises to operate efficiently and economically.   One accepted criterion of efficient performance is the profitability of the enterprises.   But while pursuing their immediate goals of profitability the public enterprises have also to be concerned with the larger and long term concerns linked to the national objectives.   Fulfilment of these national objectives demands from the management of public enterprises a different kind of commitment and dedication than what is expected from the management of private enterprises.   In fact, it is necessary to develop a distinctive ethos or value system for the effective management of public enterprises.   That value system cannot ignore the need for achieving efficiency in terms of making profit or generating surplus, but at the same time it has to lay sufficient

emphasis on contributing to the social good. It thus precludes such things as the adoption of unfair business practices at the expense of the interest of the community as a whole. Indeed, the public enterprise managers should be stern custodians of public interest.

6.2 There is a certain lack of professionalism in managing public sector concerns in Kerala. Modern methods and style of management are also conspicous by their absence. In this connection it is worthwhile to point out that no public sector unit has hitherto spelt out the objectives and priorities. As a result, the philosophy of the public sector units is nebulous at all levels. The units have paid very little attention to developing a long range corporate plan. One of the major consequences of this has been their failure to develop an integrated human resources planning system within their organisations.

6.3 It is suggested that all the public sector units have to attempt to define their objectives and set targets for future after consideration of their internal and external environments. While doing this exercise all units should also attempt to develop long range sector-wise plans and to integrate them into an integrated action plan, which should be made known at all levels of the organisation. The State Planning Board and the State Bureau of

Public Enterprises are perhaps the appropriate agencies to take the lead and initiative in persuading the public sector units to develop such long range corporate plans.

6.4 The course of action suggested above will result in developing a systematic human resources development plan in every enterprise. This will help to integrate manpower planning with organisation planning and budgeting process. It may also help the units to develop proper career plans and succession plans of managerial personnel and integrate them with the total human resource system of the particular organization.

6.5 Acquisition of adequate and appropriate types of managers at all levels is one of the most crucial, complex and continuing functions of any business organisation. One of the greatest competitive advantages of an organisation lies in the effective and efficient utilisation of its human resources. The quality of personnel in an organisation significantly depends on its staffing policies and procedures. This function has assumed greater significance in public sector enterprises in Kerala as they are growing in size and number, and becoming technologically more advanced and complex. The traditional management practices are giving place to professional management.

6.6 In the public enterprises in Kerala, recruitment of personnel in the early stages was not done on any scientific basis. This was mainly because of the simple reason that there was dearth of skilled and competent persons to undertake specialised managerial tasks. People were borrowed from the government indiscriminately, based on the inarticulate assumption that all the government personnel and the bureaucratic practices in government were quite enough to take care of the managerial needs of the public sector concerns also. Even today, as the different public sector concerns have failed to evolve a scientific personnel policy the recruitment system still continues to rely more on the govern mental pattern. The salary structure of the public sector is more or less like that in the public service. Hence it cannot also easily compete with the private sector in attracting highly talented personnel. As a consequence, the gover ment officials continue to get a fair chance to take up positions in public sector units on deputation. This happens particularly at the higher levels of appointment. The promotion policy is also more or less based on the governmental pattern. Promotions are based, by and large, on seniority. It has seldom been on merit within the same organisation. It natural that in organisations where they are scientific mecha sms to objectively assess merit, seniority should become the one criterion dependable to ensure minimum fairness. However,

recent times there seems to have been some attempts at changing the practice. In the newly set up organisations there is some effort to go for new talents from outside at the different levels. Perhaps it may lead to the beginning of professionalisation of management in these enterprises.

6.7   The study has attempted to test the hypothesis of Harbison and Meyers empirically. The study in totality points out the absence of the kind of relationship which is stated to exist between the type of management and the stage of economic growth. This, to a large extent, agrees with the conclusion of Jain's study on the Indian manager. His conclusions are based on the argument that the public sector managers are more educated than even in the private sector and they are not mere political workers.

6.8   However, a close look at the problem in the specific context of this study reveals that appointment of key personnel - the chairmen, the chief executives, members of the director board and senior managers - are done by or to a considerable extent influenced by the government. The appointees often belong either to the ruling political elite or to the higher echelons of bureaucracy. Their number may be few, if one takes the total number of managers, but the proportion of influence they wield is very high, due

to their political connections and positions in govern-
ment. It is gratifying to note that at least in the
middle and lower levels of management, a beginning has
been initiated to acquire and develop qualified and profes-
sional executives.

6.9   Thus, it may be stated that the Harbison
and Meyers model has still some relevance, though certainly
it needs further modifications in the light of new develop-
ments in the developing nations.

6.10   The systematic development of managerial
talent is one of the primary tasks of any organisation for
its own survival in an increasingly changing and competitive
environment.   But in the public sector undertakings in
Kerala most of the management development programmes are
not planned systematically on a sound assessment of organi-
sational and individual needs.   Nor are they integrated
within a long term plan for human resources development.
Management development is a choice left to the goodwill of
top management, a runway of profitable companies or a fringe
benefit of large organizations.   Management development
demands investment in the long term perspective which may
perhaps depress the immediate results of a division or a
department in the short term.

6.11   In most of the units studied the training
system is deficient mainly because of; (a) lack of clear
identification of the training needs; (b) lack of evaluation
of the effectiveness of training; and (c) lack of incorpo-
ration of the training results in the actual operation of
the undertakings.   The above are, however, the three most
important areas where the prevailing training systems are
greatly deficient.   These should merit first attention in
order that a training system operates from a self-invigo-
rating base.

6.12 For historical and political reasons and
for reasons of availability, in many of the public sector
enterprises in Kerala, top or key personnel had been drawn
from the civil service.   They are reluctant to introduce
any innovations in the running of the organizations.   There
has however been increasing pressure, in recent times, to
initiate management development opportunities to the managers,
The concept of management development is thus slowly emerging,
but there is still a long way to go.

6.13   Management Development, especially in the
developing countries, must be organically related to the
development, goals and ethos of these nations.   It must
meet the rigorous criteria of relevance and utility.   It
should help the manager to understand and create an effective

relationship between his organisation and national object-
ives. It should foster an entrepreneurial class of daring
excellence.

6.14 Kerala can ill-afford to accept irrelevant
fashions in management education and training. It cannot
permit a laisses-faire policy of unplanned evolution of
management development arising in passive response to the
slow compulsions of the domestic market. What it needs
is meticulous planning and the deliberate introduction of
new concepts, and the infusion of an entrepreneurial spirit
into the management development and training activities,
geared to an accelerated pace of the State's development
plans and efforts.

6.15 The biggest challenge that any management
faces today is with regard to the procurement, allocation,
development and utilisation of the single largest resource
at its disposal - the human resource system. The tradit-
ional approaches to managing people, to regard them as pro-
blems, procedures and costs instead as a resource, opportu-
nity and strength, still seems to pervade the public sector
units. However, one can expect changes of great signifi-
cance in the human resource management in the ensuing years,
resulting from the compulsions of the environment in which

the state undertakings have to function. These environ-
mental changes will arise as a result of rapid growth of
industries, both in public and private sectors and of the
socio-economic and political changes taking place in the
country and the world around.

****

MS/appu.

RECRUITMENT AND TRAINING OF EXECUTIVES IN
PUBLIC SECTOR CONCERNS IN KERALA

SCHEDULE

I. Company Profile

1. Name of Organization :

2. Year of establishment :

3. Nature of Business
   (Principal products/
   Activities)

4. Whether statutory Corpo-
   ration or Company :

5. a) Whether holding com-
      pany or subsidiary or :
      independent

   b) If holding company,
      the number of subsi-
      diaries and their :
      names

6. Total number of employees: Managerial: Others:

II. Financial Background

1. Paid-up capital :

2. Total investment :

3.a. The Chairman is a

            i) Politician   ◻

            ii) Professional   ◻

            iii) Civil Servant   ◻

   b. The MD/GM/Chief Executive is a

            i) Politician   ◻

            ii) Professional   ◻

            iii) Civil servant   ◻

III Objectives of the Company

> Does your company have a written statement of
> specific objectives other than what is stated
> in the Memorandum/Articles of Association?
>
> Yes /☐/   No /☐/

IV. Company Planning

> Other than the annual budgets, does the company
> make any long range business planning?
>
> Yes /☐/   No /☐/
>
> If 'YES', please specify:

Areas	Plan Period	5 years & beyond	3-5 years	2-3 years
Finance				
Marketing				
Production				
Personnel				

> Probe the policy making
> process and levels reg-
> arding investment, per-
> sonnel, marketing etc.)

V. Manpower Planning

> 1) How do you decide the
>   number of positions at
>   different levels in
>   the organization at
>   different stage of
>   growth?

Is it based on forecasts of:

a) Sales turnover   :

b) Projects for expansion, and diversifications :

c) Employee turnover   :

d) Retirements   :

e) Deaths   :

		Yes	No
2)	Do you follow personnel inventory budgeting?	☐	☐
	If Yes, give the methods:		
	a) Short term budgeting (one year)		
	b) Long term budgeting (more than one year)	☐	☐
	c) More than 5 years	☐	☐
3)	Do you keep an upto-date personnel invent-ory and other person-nel records? If Yes, please state the type of records and statistics that you keep in this regard.	☐	☐
4)	Have you ever under-taken studies on man-power wastage/employee turnover?	☐	☐
5)	a) Do you have a Dept/ special cell for man power analysis?	☐	☐
	b) If 'No' is it under-taken by any other department?	☐	☐
	(Please state the name of the department) :		

6. Do you conduct Exit inter-
   views to assess the reason
   for executive turnover?

   Yes   No

   ☐   ☐

7. Please state your policy
   with regard to promotion
   of Executives at different
   levels?

8. Do you prepare and keep
   job description, job
   specification, man speci-
   fication etc. regarding
   Executive positions?

   Yes   No

   ☐   ☐

   If 'Yes' please give
   details.

9. Who decides the number of
   Executives to be recru-
   ited each year?

VI. Source of Recruitment

1. What are the sources of
   recruitment of Executives?

   a) Government appointment   ☐

   b) Through Kerala Public
      Service Commission   ☐

   c) Through direct sele-
      ction by the company   ☐

   d) Through Employment
      Exchange   ☐

   e) Through settlement
      with Union   ☐

   f) Through deputation   ☐

   g) Any other (specify)   . . . .

2. Which of the following are usually included in your vacancy notification?

a) Job descriptions   ☐

b) No. of vacancies   ☐

c) Scales of pay   ☐

d) Age   ☐

e) Qualifications required   ☐

f) Experience   ☐

g) Physical fitness   ☐

h) Sex   ☐

i) Reservation   ☐

j) Any other (Please specify) . . . .

3. Do you use the following techniques while recruiting executives?

	Always	Sometimes	Do not use at all
Advertisements	☐	☐	☐
Unsolicited applications	☐	☐	☐
Defence services	☐	☐	☐
Public Service Commission	☐	☐	☐
Management consultants	☐	☐	☐
Contacts with Universities/ Institutions	☐	☐	☐
Other Companies	☐	☐	☐
Any other (Please specify)	☐	☐	☐

4. If advertisement is resorted to, in which of the papers/magazines/publications they are usually published?

  . . . .

  . . . .

  . . . .

VII. Screening of Applications

A. What are the usual elimination processes that you adopt?

    a) Documents used for screening   _/◻_/

    b) Tests   _/◻_/

    c) Physical examination   _/◻_/

    d) Interview   _/◻_/

    e) Personal reference   _/◻_/

    f) Any other (please specify) . . . .

B. Do you seek outside help in selecting executives?   Yes   _/◻_/   No   _/◻_/

    If so, give details: . . . .

         . . . .

C. What are the selection techniques used? (Please check

	Yes	No
Group Interviews	_/◻_/	_/◻_/
Individual interviews	_/◻_/	_/◻_/
Psychological tests	_/◻_/	_/◻_/
Attitude Tests	_/◻_/	_/◻_/
Intelligence Tests	_/◻_/	_/◻_/
Aptitude Tests	_/◻_/	_/◻_/
Achievement Tests	_/◻_/	_/◻_/

Any other selection technique (Please specify)

VIII. **Test**

		Yes	No
a)	Traditional type of General Knowledge test	☐	☐ N
b)	Psychological test	☐	☐

IX. **Interview**

Is it pre-planned in terms of exploring various aspects such as subject knowledge, general knowledge, attitude etc.?   ☐ Yes   ☐ No

X. **Selection**

What is the composition of Selection panel?

a) Officers' Committee   ☐

b) Sub-Committee of Board   ☐

c) Experts from outside   ☐

Do you also recruit Managerial personnel within the organisation, i.e. by promotion from your clerical or worker cadre.   ☐ Yes   ☐ No

Do you have special procedure for promotion of such employee to the cadre of management?   ☐ Yes   ☐ No

If 'Yes' give details   . . . .

. . . .

Any other details you may like to give about your recruitment and selection procedure   . . . .

. . . .

. . . .

Whether the approval of the government is necessary for such appointments as per the Memorandum/Articles of Association/Government directives?   ☐ Yes   ☐ No

If 'Yes' which are these posts? . . . .

XI.Executive Training:

1. Do you have any formal
   training programme for   Yes ☐   No ☐
   executives?

2. Which of the following training techniques do you adopt?
   (Please tick the appropriate ones)

   a. Job experience   ☐   b. Job rotation   ☐

   c. Planned transfers   ☐   d. Special assignments ☐

   e. Understudy or   ☐   f. Attendance at Con-   ☐
      Assistance   ference and Techni-
                                    cal meetings

   g. Plant visit to other ☐   h. Exchange of personnel ☐
      companies   within or outside the
                                    concern

   i. Training abroad   ☐   j. Membership in prof-   ☐
                                    essional, technical
                                    associations at
                                    Company expense

   k. Special internal   ☐   l. External training
      training course   course:

                                    Short duration   ☐
   m. Academic courses   ☐
                                    Long duration   ☐

3. Does your organisation have
   a training institute or   Yes ☐   No ☐
   Centre of its own?

   If 'Yes' please give
   details   . . . .

                                 . . . .

4. What are the subjects
   normally covered during   . . . .
   training?
                                 . . . .

5. What is the normal period . . . .
   of training after which
   Executives are put on   . . . .
   regular jobs?

6. Do you also put the Executives on independent   Yes ☐   No ☐
   jobs during training period?

   If so, what kind?   . . . .

7. Are Executives on Training
   required to submit detailed   Yes ☐   No ☐
   reports about their work or
   projects?

   If 'Yes', please give details   . . . .
   about the type of reports
   required: . . . .

8. How do you appraise the
   Executives during training   Yes ☐   No ☐
   period?

   (Please give details: . . . .
   (If possible, please supply
   appraisal forms)   . . . .

9. Is the appraisal report
   communicated to the   Yes ☐   No ☐
   Trainee?

   If 'Yes', do you discuss
   the same with him/her to   Yes ☐   No ☐
   chalk out a future plan of
   action?

10. Do you have a recognised and
    established Executive Trainee Yes ☐   No ☐
    Scheme?

11. Do you plan the career pattern of the Executives in
    advance or they are promoted to various positions as
    and when the vacancies arise without any fixed plans?

    . . . .

    . . . .

12. Are you satisfied with the
    Executive Training Schemes   Yes ☐   No ☐
    existing in your organi-
    sation?

13. Are you considering making any changes in the Trainee Scheme?   Yes ☐   No ☐

If 'Yes' give details: . . . .

. . . .

14. Do you give importance to formally trained Executives?   Yes ☐   No ☐

If 'Yes' give reasons: . . . .

If 'No', give reasons: . . . .

. . . .

15. Do you suggest any method for improving the performance of Executives in your Organization?

. . . .

. . . .

. . . .

. . . .

16. Please state briefly any special comments you may wish to make on the selection and Training of Executives in your Organization:

. . . .

. . . .

. . . .

. . . .

. . . .

. . . .

. . . .

XII.General Observations

1.Are you satisfied with the recruitment procedure prevailing in your organization?

Completely satisfied	Satisfied	So So	Slightly dissatisfied	Thoroughly dissatisfied
1	2	3	4	5

	Yes	No
2. Do you recommend any change?	☐	☐

If 'Yes' please explain . . . .

. . . .

	Yes	No
3.Have you made any changes in your selection procedure recently?	☐	☐

If 'Yes' please explain . . . .

. . . .

	Yes	No
4.Are you considering any change in the recruitment procedures	☐	☐

If 'Yes' please explain . . . .

. . . .

5.Was the direct recruitment to executive posts created any discontentment among employees of your organisation? ☐ ☐

6.Do you have a free hand in the selection of your Executives? ☐ ☐

7.Do you attach importance for proportionate communal representations? ☐ ☐

RECRUITMENT AND TRAINING OF EXECUTIVES IN PUBLIC SECTOR CONCERNS IN KERALA

(Questionnaire for survey among executives*)

Instructions for Filling the Questionnaire

1) In most of the questions you are requested to check (✓) against one or more items. Kindly leave the items which do not apply to you unchecked. Do not (X) against items which do not apply.

2) Kindly check (✓) your answers in the space within the squares wherever they are provided.

3) When you do not know the exact answer give your BEST ESTIMATE.

4) Please do not use abbreviations.

5) Some of the questions asked may seem personal in nature. Every effort has been made to keep such questions to the minimum. However, your co-operation is requested in answering such questions also.

---

* The data collected will be kept confidential and used only for academic purposes.

Questionnaire for Survey among Executives

1. **Personal Profile**

   a) Name   :

   b) Address for communi-   :
      cation

   c) Sex   : Male /_7 Female   /_7

   d) Age in completed years:

2. State of domicile for the
   last five years   : Kerala /_7 Any other /_7
                                              Specify:

3. Educational Qualifications:

   a) Undergraduate   /_7

   b) Graduate   /_7

   c) Post Graduate   /_7

   d) Professional qualifications*   /_7
      (Mention category) . . . .

---

* Qualifications in Engineering, Accounting, Business
  Management, Agriculture, Law etc. must be included
  under Professional Qualifications.

4. How many Executive positions have you held before taking up this assignment*

a) Nil : ☐
b) One : ☐
c) Two : ☐
d) Three : ☐
e) Four : ☐
f) More than four : ☐

* Name the organisation you worked with before joining the present one

. . . .

5. What is your opinion about the remuneration policy of your organization?

a) Very good : ☐
b) Good : ☐
c) Satisfactory : ☐
d) Bad : ☐
e) Very bad : ☐

6. What is your opinion about the personnel policy of your organization?

A) Very good : ☐
b) Good : ☐
c) Satisfactory : ☐
d) Bad : ☐
e) Very bad : ☐

7. To what extent, according to you, the trade unions influence the formulation of personnel policy.

    a) Always   :   ◻

    b) To a Great extent   ◻

    c) Somewhat   :   ◻

    d) Seldom   :   ◻

    e) Never   :   ◻

8. To what extent, according to you, the Government influence the formulation of personnel policy of your organization?

    a) Always   :   ◻

    b) To a great extent   ◻

    c) Somewhat   :   ◻

    d) Seldom   :   ◻

    e) Never   :   ◻

9. What is your opinion regarding the promotion policy of your organization?

    a) Very good   :   ◻

    b) Good   :   ◻

    c) Satisfactory   :   ◻

    d) Bad   :   ◻

    e) Very Bad   :   ◻

10. Do you think there is proportional representation of different communities in selection of Executives in your organization?

    Yes   ◻

    No   ◻

10. What is your opinion about the performance apprai-
sal system of your organization?

  a) Very good :   ☐

  b) Good   :   ☐

  c) Satisfactory :   ☐

  d) Bad   :   ☐

  e) Very bad   :   ☐

11. To what extent, in your opinion, the appraisal
system is utilised in deciding .promotions in your
organization?

  a) Very much :   ☐

  b) Much   :   ☐

  c) Sometimes :   ☐

  d) Seldom   :   ☐

  e) Never,   :   ☐

13. Do the following factors influence in the selection
of executives in your organization?

  1) Politics   ☐

  2) Religion   ☐

  3) Regionalism   ☐

  4) Personal relations & ☐
    contacts

  5) Any other   ☐
    (Please specify: . . . .

14. What is your opinion regarding fairness in selection
    of executives in your organization?

    a) Very fair   :   ☐

    b) Fair   :   ☐

    c) Somewhat fair :   ☐

    d) Bad   :   ☐

    e) Very bad   :   ☐

15. Do you think that management training will increase
    your knowledge and skill and thereby result in
    improved performance?

    a) To a very great extent   ☐

    b) To some extent   ☐

    c) Not sure   ☐

    d) May not   ☐

    e) Not at all   ☐

16. Do you feel that your superiors need management
    training for better performance of their functions?

    a) To a very great extent   ☐

    b) To some extent   ☐

    c) Not much   ☐

    d) Do not require   ☐

    e) Not at all   ☐

17. From your experience would you say that your top
management is taking sufficient interest in deve-
loping a training system in your organization?

    a) Definitely yes   ☐

    b) To a great extent   ☐

    c) To some extent   ☐

    d) Only very little   ☐

    e) Not at all   ☐

18. To what extent do you think the selection of execut-
ives for management development programmes are fair?

    a) Totally fair   ☐

    b) Somewhat fair   ☐

    c) Satisfactory   ☐

    d) Slightly unfair   ☐

    e) Completely unfair   ☐

19. Have you ever been a participant in a management
development programme

      Yes   ☐ No ☐

20. To what extent do you think your organization's environ-
ment is conducive for applying the knowledge and skills
acquired through the Management Development Programmes?

    a) Excellent   ☐

    b) To a great extent   ☐

    c) To some extent   ☐

    d) Not conducive   ☐

    e) Not at all conducive   ☐

21. Please rank the following instructional methods
based on their effectiveness as you have experienced
during the training programmes (Indicate only 3 ranks).

Note: This question need be filled up only by those
who have undergone Management Development
Programmes.

Method	Rank (only first 3)
1. Lecture	
2. Case method	
3. Incident method	
4. Business Games	
5. Practical training	
6. Sensitivity training	
7. Role playing	
8. Seminars & Syndicates	

APPENDIX - I

Profile of the Organizations Surveyed

Name of the Company	Year of Establishment.	Paid-up Capital Rs. in Lakhs.	As on	Number of Employees			
				Managers	Others	Total	As on
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Forest Industries (Trav.) Ltd.	1946	17.71	'81-82	2	145	147	Dec.'82.
2. Travancore Titanium Products Ltd.	1946	169.75	'81-82	168	1283	1451	Nov.'82
3. United Electricals Industries Ltd.	1950	111.90	1981	49	494	543	Sept'82.
4. Travancore Cochin Chemicals Ltd.	1951	659.75	'81-82	133	1129	1262	Nov.'82
5. Fullathra Bricks & Tiles Ltd.	1957	25.06	'80-81	1	130	131	Dec.'82.
6. Traco Cable Co. Ltd.	1960	129.92	'81-82	16	224	240	Oct.'82.
7. Kerala State Industrial Development Corporation Ltd.	1961	549.00	'81-82	17	40	57	Sept.'82.
8. Kerala Premo Pipe Factory Ltd.	1961	19.50	'79-80	11	298	309	Dec. '82.
9. Plantation Corporation of Kerala Ltd.	1962	540.10	'80-81	140	7040	7180	Nov.'82.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
10.	Kerala Soaps & Oils Ltd	1963	149.97	'81-82	52	703	755	Nov.'82
11.	Travancore Plywood Industries Ltd.	1963	48.59	'81-82	14	660	674	Nov. '82.
12.	Kerala Ceramics Ltd.	1963	107.95	'81-82	24	560	588	Dec. '82.
13.	Trivandrum Spinning Mills Ltd.	1963	185.00	'81-82	17	543	560	Nov.'82
14.	Trivandrum Rubber Works	1963	213.62	'81-82	4	421	425	Oct.'82
15.	Kerala Electrical & Allied Engg. Co. Ltd.	1964	122.16	'81-82	87	616	703	Oct.'82.
16.	Keltron Counters Ltd.	1964	117.27	'80-81	38	276	314	Oct.'82.
17.	Kerala Fisheries Corporation Limited.	1966	148.95	'80-81	16	463	479	Oct.'82
18.	Kerala State Handloom Development Corpn.Ltd.	1968	84.92	'80-81	18	149	167	Jan.'83.
19.	Kerala State Handicrafts Development Corpn. Ltd.	1968	92.86	'80-81	44	116	160	Dec. '82.
20.	Kera Agro Industries Corporation Ltd.	1968	247.86	'80-81	7	210	217	Oct.'82.
21.	Chalakudy Refractories Limited.	1969	52.25	'81-82	5	145	150	Oct.'82.
22.	Kerala State Cashew Development Corpn.Ltd.	1969	154.00	'79-80	7	33765	33772	Nov.'82.
23.	Kerala State Financial Enterprises Ltd.	1969	28.00	'79-80	73	630	703	Oct.'82.
24.	Kerala State Coir Corporation Ltd.	1969	58.00	'76-77	1	135	136	Nov.'82.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
25.	Steel Complex Ltd.	1969	224.44	'81-82	34	501	535	Dec,'82.
26.	Kerala Tourism Development Corporation Ltd.	1970	217.85	'79-80	28	499	527	Dec.'82.
27.	Kerala Urban Development Finance Corpn.Ltd.	1970	19.16	'81-82	1	20	21	Dec.'82
28.	Kerala State Bamboo Corporation Ltd.	1971	58.88	'81-82	3	160	163	Nov.'82.
29.	Kerala State Drugs & Pharmaceuticals Ltd.	1971	210.00	'80-81	64	291	355	Jan.'83.
30.	Kerala Minerals and Metals Ltd.	1972	2151.27	'81-82	107	412	519	Dec. '82
31.	Kerala State Electronics Develop. Corpn.Ltd.	1972	1256.61	'81-82	530	1618	2148	Nov. '82.
32.	The State Farming Corpn. Of Kerala Ltd.	1972	125.00	'81-82	4	91	95	Nov.'82.
33.	Kerala Land Development Ltd.	1972	462.40	'81-82	23	158	181	Oct. '82.
34.	Kerala State Textile Corporation	1972	124.00	'80-81	5	8	13	Nov. '82.
35.	Kerala State Development Corporation for SC/ST. Ltd.	1972	128.91	'79-80	6	73	79	Dec. '82.
36.	Kerala State Industrial Enterprises Ltd.	1973	1068.44	'81-82	27	32	59	Nov. '82.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
37.	Meat Products of India Ltd.	1973	24.60	'80-81	5	60	65	Nov.'82.
38.	Kerala Agro Machinery Corporation Ltd.	1973	117.00	'80-81	45	236	281	Nov.'82.
39.	Kerala State Electricity Board	1957	33405.00*	'79-80	2600	29752	32352	Jan.'83.
40.	Kerala State Road Transport Corporation	1965	8234.41	'78-79	246	29801	30047	Jan.'83.
41.	Kerala State Warehousing Corporation	1959	166.80	'80-81	27	438	465	Oct.'82.
42.	Kerala State Water Transport Corporation	This Corporation has been abolished recently.						

*The Electricity Board has no share capital. The Working Capital of the Board comprises of loan from State Government, Public, LIC, Rural Electrification Corporation etc.

APPENDIX - II

LIST OF PUBLIC ENTERPRISES IN KERALA
(As on March 1983)

I. MODERN MANUFACTURING & DEVELOPMENT INDUSTRIES.

(i) Keltron Group

1. Kerala State Electronics Development Corporation Ltd.
2. Keltron Counters Ltd. (Subsidiary)
3. Dielectro Magnetics Ltd.   "
4. Keltron Crystals Ltd.   "
5. Keltron Magnetics Ltd.   "
6. Keltron Resisters Ltd.   "
7. Keltron Power Devices Ltd. "
8. Keltron Rectifiers Ltd.   "

(ii) Kerala State Industrial Enterprises Group

9. Kerala State Industrial Enterprises Ltd.
10. Trivandrum Rubber Works Ltd. (Subsidiary)
11. The Kerala Ceramics Ltd.   "
12. Kerala Soaps & Oils Ltd.   "
13. Travancore Plywood Industries Ltd.   "
14. Kerala Electrical & Allied Engineering Co. Ltd.   "
15. Kerala State Drugs & Pharmaceuticals Ltd.   "
16. Kerala State Detergents & Chemicals Ltd.   "

(iii) Iron & Steel

17. Steel Complex Ltd. (Subsidiary)
18. Steel Industrials Kerala Ltd.

(iv) Chemicals

19.   Travancore Titanium Products Ltd.
20.   The Travancore Cochin Chemicals Ltd.
21.   The Kerala Minerals & Metals Ltd.
22.   Malabar Cements Ltd.

(v)   Textiles

23.   Kerala State Textile Corporation Ltd. (Subsidiary)
24.   Trivandrum Spinning Mills Ltd.
25.   Kerala Garments Ltd. (Subsidiary)
26.   Sitaram Textiles Ltd.

(vi) Electrical & Cables

27.   The Metropolitan Engineering Company Ltd.
28.   United Electrical Industries Ltd.
29.   Traco Cable Company Ltd.

(vii) Engineering

30.   Kerala Agro Machinery Corporation Ltd. (Subsidiary)
31.   Scooters Kerala Ltd.
32.   Astral Watches Ltd. (Subsidiary)
34.   SIDECO Mohan Tools Ltd. (Subsidiary)

(viii) Ceramics & Refractories

35.   Pallathra Bricks & Tiles Ltd.
36.   The Kerala Premo Pipe Factory Ltd.
37.   The Chalakudy Refractories Ltd.

(ix) Others
38.   The Pharmaceutical Corporation (IM) Kerala Ltd.

II. TRADITIONAL INDUSTRIES

39. Kerala State Handloom Development Corporation Ltd.
40. Kerala State Handicrafts Development Corporation Ltd.
41. The Kerala State Coir Corporation Ltd.
42. The Kerala State Cashew Development Corporation Ltd.
43. Foam Mattings (India) Ltd.

III. AGRO BASED INDUSTRIES

44. The Travancore Sugars & Chemicals Ltd.
45. The Plantation Corporation of Kerala Ltd.
46. Kerala State Bamboo Corporation Ltd.
47. The State Farming Corporation of Kerala Ltd.
48. Meat Products of India Ltd. (Subsidiary)
49. Kerala Forest Development Corporation Ltd.
50. Kerala State Coconut Development Corporation Ltd.
51. Kerala Livestock Development & Milk Marketing Board Ltd.
52. The Rehabilitation Plantations Ltd.
53. Oil Palm India Ltd. (Subsidiary)

IV WOOD BASED INDUSTRIES

54. Forest Industries (Travancore) Ltd.
55. Kerala State Engineering Works Ltd.
56. Kerala Wood Industries Ltd. (Subsidiary)

V PUBLIC UTILITIES

57. Kerala State Electricity Board (Statutory)
58. Kerala State Road Transport Corporation (Statutory)
59. Kerala Shipping Corporation Ltd.
60. Kerala Inland Navigation Corporation Ltd.

VI FINANCING AND SERVICE INSTITUTIONS

61. Kerala State Industrial Development Corporation Ltd.
62. The Kerala State Financial Enterprises Ltd.
63. Kerala Urban Development Finance Corporation Ltd.
64. Kerala Tourism Development Corporation Ltd.
65. The Kerala Land Development Corporation Ltd.
66. Kerala State Small Industries Development & Employment Corporation Ltd.
67. Overseas Development and Employment Promotion Consultants Ltd.
68. Kerala Financial Corporation (Statutory)

VII TRADING AND INFRASTRUCTURAL DEVELOPMENT INSTITUTIONS

69. The Kerala Fisheries Corporation Ltd.
70. The Kerala Agro Industries Corporation Ltd.
71. The Kerala State Civil Supplies Corporation Ltd.
72. The Kerala State Construction Corporation Ltd.
73. Kerala State Film Development Corporation Ltd.
74. Kerala State Industrial Products Trading Corporation Ltd.
75. Kerala Inland Fisheries Development Corporation Ltd.

VIII INSTITUTIONS FOR DEVELOPMENT OF WEAKER SECTIONS

76. The Kerala State Development Corporation for Scheduled Casts & Scheduled Tribes Ltd.
77. Kerala Fishermen's Welfare Corporation Ltd.
78. The Kerala State Handicapped Persons Welfare Corporation Ltd.
79. Kerala State Development Corporation for Christian Converts from Scheduled Castes & Recommended Communities Ltd.
80. Kerala Artisans' Development Corporation Ltd.

IX   OTHER STATUTORY CORPORATIONS

 81. Kerala Khadi & Village Industries Board.

 82. Kerala State Warehousing Corporation.

 83. Kerala State Housing Board.

 84. Kerala State Rural Development Board.

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