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

Thesis Submitted to the University of Cochin for the award of the Degree of Doctor of Philosophy in Management under the faculty of Social Sciences

by

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Public undertakings have been assigned a significant role to play in the systematic socio-economic 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 Management 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.
My thanks are also due to all my colleagues in the School of Management. I would however like to mention in particular my obligation to the late Professor (Dr.) K. Nanukuttan Nair of the School of Management Studies and Dr. V. Karunakaran and Dr. K. C. Sankaranarayanan, Professors, Department of Applied Economics, University of Cochin. I will be failing in my duty if I do not also express here my very sincere and deep appreciation of the help I have received from Messrs. Oommen Mathew, G. Antony, A. G. Balasubramaniam and P. R. Wilson of the School of Management Studies.

I am deeply indebted to all those managers in the different public sector organisations who extended their full cooperation in the conduct of this study. I have been inspired by my students for the searching discussions we had on several of the issues raised in this study.

I also remember with great affection the generous help I received from Miss. Elizabeth Abraham and Mr. Scaria Verghese, Librarians; Mr. M. S. Mukundan and his team for the secretarial assistance and Mr. N. Appukuttan Nair for the neat reproduction of the copies.

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N. CHANDRASEKHARAN PILLAI
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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 regulation of industries and services has now become a part of governmental activity. 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."\(^1\)


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, without 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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Public enterprises because, "public enterprise without a plan can achieve something, a plan without public enterprise is likely to remain as on paper"\textsuperscript{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

\textsuperscript{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

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

"... It can be said without too much oversimplification that there are no 'underdeveloped countries', there are only 'undermanaged' ones. Japan a hundred years ago was an 'underdeveloped' 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 management is the prime mover and that development is the consequence.

"All our experience in economic development proves this. Wherever we have only contributed the economic 'factors of production' especially capital we have not achieved development. 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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While optimum utilization of human capacity and the promotion 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'.

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 efficiency 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". 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

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

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. 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.

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

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of products and other inefficiencies in the public sector affect other sectors significantly. It is widely appreciated 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 available resources in production and distribution of goods and services required by the community at prices it can afford. The relationship between managerial processes and productivity 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 significant - both in terms of total investment made and in terms of the people employed\textsuperscript{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

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 opportunities for further enrichment and updating of their capabilities at every stage of their career development.

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". The public enterprises are expected to fulfill numerous objectives 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

a major instrument of socio-economic transformation.

Some others might not have gone that far, but have accepted 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 developing 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\(^{16}\).

\(^{15}\)De Nitish, R., "Coordination of Public Enterprises: Case Study from India", Paper presented at the Study Group Meeting, Asian Centre for Development Administration, Kulalumpur (Sept. 1975).

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 organisations pursue and the manner in which they pursue them. Profitability is the goal of the private sector organization. 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.

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 employment opportunities, development of backward areas, provision of an infrastructure to keep prices at levels that will help hold inflation in check - these and such other
objectives take precedence over profit. 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 organization there is no clear identity and fixity of purpose as regards objectives. There is not one central figure or ideology which prescribes the goals and objectives of the organization. The goals and objectives change with the change of government and change in important positions in government."

Several other studies have also emphasized this aspect of the weakness in the working of public sector enterprises. This problem of vagueness of ideology or of objectives is further compounded by unrealistic and confused perceptions of objectives by public sector managers.

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1.4.3 One writer has pointed out:

"... Public enterprises are economic organizations 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 enterprises in Kerala is the lack of clear definition of objectives, tasks, roles and performance criteria. The problems 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 confusion 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 psychological state of belief that they are inefficient and incompetent to cope with the situation.

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

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".

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. 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

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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 limited view and mainly stresses the owners' interest. Profit is essentially a means for the satisfaction of long term needs of the stake-holders.

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 constraints on their behaviour and enhancing their motivation." Ouchi and Price suggest that an organizational philosophy may also be regarded as an elegant informational devise for providing 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. The benefits of an articulated company philosophy are lost however, if it

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is not properly communicated to employees, or not visibly supported in managements' behaviour. 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 managements of public enterprises with a wide range of responsibilities in spheres unconnected with their primary activity 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 identity 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

resources for results which are 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 stakeholders, the corporate objectives are important for achieving integration of the organisation with its environment. When the environment is changing and the stakeholders' expectations are also getting modified, it is imperative for the top management to establish

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 directed towards the achievement of such objectives as are of current importance.²⁹

1.5.1.2 It has been pointed out that two different functions, managing the business in product or service markets and managing public support in the political markets, must be performed by managers of public sector enterprises. The first deals with the functional management 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, and Monsen and Walters. Aharoni

²⁹Maheshwari, B.L., Management by Objectives, (New Delhi: 1980) p.41.
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 government. The public enterprise managers must therefore develop the capacity to deal with a large and more complex universe, beside their capacity to manage the enterprise.\footnote{Tandon, P.L.,"Public Sector and Corporate Evolution", \textit{Vikalpa}, \textit{op.cit.} p.65}

1.5.4 A close study of the structure and functioning of public sector enterprises in Kerala will reveal that whereas the sector has been quite successful in evolving broad agreements on its policies and objectives, developing 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 imperfections in organising the human resources are more apparent in larger enterprises.

1.5.4.1 The first and the foremost phenomenon in the organizational environment of public sector enter-
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 executives are starved of the opportunities for taking initiative. 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 bureaucracy for everything. Not only did the bureaucrats occupy all top positions in public sector, the bureaucratic government 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 adequate authority to the unit and divisional levels. Quite obviously, most of the public sector corporations particularly 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 denied. The paradoxical 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 somehow got inducted into the personnel manuals of public sector organizations, the bureaucratic 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 seniority yields 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 many 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 today³⁵. 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,

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 combination 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 managerial 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

\(^{37}\text{Das, N., The Public Sector in India, (Bombay: 1966) p.7.}\)
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.
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 increasing awareness that management per se is a distinct profession 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 efficient 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 enterprises. It is openly acknowledged that the performance of our public sector units has been, on the whole, dismaying 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 accelerators 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.

<table>
<thead>
<tr>
<th>Period under reference</th>
<th>Total Number of Units</th>
<th>Companies with profit</th>
<th>Companies with profit but with greater accumulated loss</th>
<th>Companies with loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>39</td>
<td>19</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>1979-80</td>
<td>15</td>
<td>2</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>1978-79</td>
<td>6</td>
<td>1</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>1977-78</td>
<td>5</td>
<td>2</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>1976-77</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
</tbody>
</table>

25 (37%) 9 (14%) 33 (49%)


Note: Six companies haven't started commercial production 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

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

<table>
<thead>
<tr>
<th>Year of Establishment</th>
<th>No. of Companies</th>
<th>No. of subsidiaries</th>
<th>Cumulative Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earlier than 1950</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>1950-55</td>
<td>2</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>1955-60</td>
<td>2</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>1960-65</td>
<td>4</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>1965-70</td>
<td>9</td>
<td>1</td>
<td>27</td>
</tr>
<tr>
<td>1970-71</td>
<td>2</td>
<td>-</td>
<td>29</td>
</tr>
<tr>
<td>1971-72</td>
<td>2</td>
<td>2</td>
<td>33</td>
</tr>
<tr>
<td>1972-73</td>
<td>4</td>
<td>2</td>
<td>39</td>
</tr>
<tr>
<td>1973-74</td>
<td>-</td>
<td>-</td>
<td>39</td>
</tr>
<tr>
<td>1974-75</td>
<td>6</td>
<td>4</td>
<td>49</td>
</tr>
<tr>
<td>1975-76</td>
<td>5</td>
<td>3</td>
<td>57</td>
</tr>
<tr>
<td>1976-77</td>
<td>4</td>
<td>1</td>
<td>62</td>
</tr>
<tr>
<td>1977-78</td>
<td>4</td>
<td>2</td>
<td>68</td>
</tr>
<tr>
<td>1978-79</td>
<td>2</td>
<td>-</td>
<td>70</td>
</tr>
<tr>
<td>1979-80</td>
<td>1</td>
<td>-</td>
<td>71</td>
</tr>
<tr>
<td>1980-81</td>
<td>3</td>
<td>1</td>
<td>75</td>
</tr>
</tbody>
</table>

53 22

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 companies 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 administration the burden of managing them. However, the promotional 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:

"... 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 politicians 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 anomalous, 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 operation for many years. The former's functions are yet to spelt out vis-à-vis the latter. The result is that neither does any work and they are sustained by the exchequer. Instances are also plenty where Corporations operate at cross-purposes, the best example being the tiff between the Civil Supplies and the Warehousing Corporations."

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

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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 coalition 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 commercial effectiveness. The degree of openness is an important 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. Shanmugom Chatty. It had no link with any all India plan of development.

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2.2.6 Another very important difference between the Central public sector and of the Kerala public sector is that whereas the former could flourish under the same party except for a short while 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 coalition governments of different political combinations as Kerala. By nature public sector units would be more susceptible 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 enterprises 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 Administrative Departments — (as on March 1981)

<table>
<thead>
<tr>
<th>Department</th>
<th>Companies</th>
<th>Subsidiaries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industries Department</td>
<td>28</td>
<td>19</td>
<td>47</td>
</tr>
<tr>
<td>Agriculture Department</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Transport, Fisheries and Ports Department</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Local Administration and Social Welfare Department</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Public Works Department</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>General Administration (Public Relations) Department</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>General Administration Department</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Irrigation and Rehabilitation Department</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Development Department</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Food Department</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Finance (Taxes) Department</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Labour Department</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Health Department</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53</strong></td>
<td><strong>22</strong></td>
<td><strong>75</strong></td>
</tr>
</tbody>
</table>

2.3.0 GENERAL OBJECTIVES OF THE STUDY

2.3.1 Several currents of thoughts and interests 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 disciplined 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, engineers, 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.\(^6\)

2.3.1.1 Although managers occupy a very important and crucial position in shaping the destiny of our public sector concerns very little is known about them, especially who they are, where they come from and how they rise to the managerial positions. Without systematic information on these points it is difficult to estimate whether those charged with the ultimate responsibility of delivering 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 investigate the salient features of the human resource development system that are available in the various public sector units in the State and to make significant 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 undertakings 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 administration.

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 recruitment 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. 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 maintained 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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of loyalty start giving way to considerations of efficiency. Without such a change, it is almost always impossible to achieve and sustain an accelerated pace of economic growth. 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."

2.3.3.2 If private enterprises are characterized by patrimonial and communal managements in the early stages of economic development, a different type of management 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.


9 Harbison F. and Myers, C.A., Management in the Industrial World, op.cit. p.75.
These are particularly so in organizations where the particular 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 realize that political appointments are usually incapable 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 management with the stage of political and economic growth is an important contribution to the understanding of the reasons for encouraging 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 training 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 ₹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 Government 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 Financial Corporation and Kerala State Warehousing Corporation\(^{11}\).

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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 Chairman 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 questionnaire 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%) executives 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

<table>
<thead>
<tr>
<th>Age</th>
<th>Number of Executives</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 55</td>
<td>8</td>
<td>3.33</td>
</tr>
<tr>
<td>Between 51-55</td>
<td>16</td>
<td>6.66</td>
</tr>
<tr>
<td>46-50</td>
<td>31</td>
<td>12.92</td>
</tr>
<tr>
<td>41-45</td>
<td>36</td>
<td>15.00</td>
</tr>
<tr>
<td>36-40</td>
<td>40</td>
<td>16.67</td>
</tr>
<tr>
<td>31-35</td>
<td>51</td>
<td>21.25</td>
</tr>
<tr>
<td>26-30</td>
<td>46</td>
<td>19.17</td>
</tr>
<tr>
<td>25 and below</td>
<td>12</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>240</td>
<td>100.00</td>
</tr>
</tbody>
</table>

2.5.1.2 Table 2.5 summarises the educational qualifications of the executives surveyed. From the table it is seen that 94 (19.16%) 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

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduates</td>
<td>22</td>
<td>9.17</td>
</tr>
<tr>
<td>Graduates</td>
<td>78</td>
<td>32.50</td>
</tr>
<tr>
<td>Post Graduates</td>
<td>46</td>
<td>19.17</td>
</tr>
<tr>
<td>Professionals</td>
<td>94</td>
<td>39.16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>240</td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

2.5.1.3 Of the 94 professionals, 52 are engineers and among them six are having post-graduate professional qualifications. Next to engineers come Accountants. 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

<table>
<thead>
<tr>
<th>Category</th>
<th>Graduates</th>
<th>Post-graduates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Engineers</td>
<td>46</td>
<td>6</td>
<td>52</td>
</tr>
<tr>
<td>2. Accountants*</td>
<td>6</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>3. Business Graduates</td>
<td>-</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>4. Agricultural Scientists</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>5. Social Scientists **</td>
<td>-</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>6. Lawyers***</td>
<td>-</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>7. Others</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

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*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

<table>
<thead>
<tr>
<th>No.</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. First job</td>
<td>178</td>
</tr>
<tr>
<td>2. Second job</td>
<td>27</td>
</tr>
<tr>
<td>3. Third job</td>
<td>22</td>
</tr>
<tr>
<td>4. Fourth job</td>
<td>9</td>
</tr>
<tr>
<td>5. Fifth job</td>
<td>3</td>
</tr>
<tr>
<td>6. More than fifth</td>
<td>1*</td>
</tr>
</tbody>
</table>

(* 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 scholars and practitioners or management. Studies of public undertakings, particularly of their economic and organisational 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. 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

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 effective 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

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 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. Chand, 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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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 requirements 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 remuneration 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 Committees mentioned above were consulted. These were supplemented 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 discussions on certain topics in the dissertation 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 strategies 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 conclusions 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

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

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 organization 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.

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.

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 become 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 projecting quantitative estimates. The term has shifted

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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 become 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. 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 instance can be supplied when the objectives of management have been specified and the supporting analytical 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 utilisation, 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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3.2.1.2 Secondly, manpower planning is considered 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 knowledge 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

3.3.1.1 Manpower planning is the system which ensures availability of men in terms of quality and quantity as and when they are required over a period of time. There are organizations which have worked out their manpower 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. At the national level, manpower planning by government covers population

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projections, for programmes of economic development, development of educational facilities, planning for occupational distribution and growth and providing for industrial and geographical mobility of personnel. Sectorwise, it would cover manpower needs of the agricultural, industrial and service sectors. Industrywise, it would cover manpower forecast for specific industries, such as textiles, engineering, plantation, etc. Individual unit-based manpower planning has as its purpose to meet the specific manpower needs of the particular enterprise for the different 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 these 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 manpower. As one writer has pointed out, "Countries are underdeveloped because most of their people are underdeveloped, having had no opportunity of expanding their potential capacities in the service of society".\(^10\) 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


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


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. 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. 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".

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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 manpower 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 availability of specific skills is a dangerous one as it is likely 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 planning, 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 systematically 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

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: 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 standards 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 developmental activities carried on inside the organization 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 effectively 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 obviously must be integrated with overall organization plans pertaining to sales and production, the purchase and use of equipments, research and engineering, the financial situation of the organization, the planning of physical facilities. As Wendell French points out, manpower planning

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

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, strategy, objections and technology. All are concerned with the same future environment, although they focus on different 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 winners and the non planners have been losers in the competitive struggle. This is because planned action is


21One 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 temporarily appear attractive. More important the firm that plans and measures its progress against those plans will learn from its experiences, including its mistakes. The non-planner does not get this opportunity to learn. The organization that plans, especially 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 generally, Steiner states, "the implication of long-range planning is that current decisions to do something are made in


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 entrepreneurial (risk-taking) decisions systematically and with the best possible knowledge of futurity, organizing systematically 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.


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 informal sources, without being given access as a right."\(^{25}\) However, 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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\(^{26}\) Patten, Thomas, Jr., *Manpower Planning and the Development of Human Resources*, Op.cit. p.38

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."\textsuperscript{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

\textsuperscript{28}Hussey, David, E., \textit{Corporate Planning: Theory and Practice}, \textit{op.cit.}, p.183.
of wastage and rates of transference and promotion are incorporated 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. Emphasis must be placed on the structure of organization, establishment of its objectives and the resource planning necessary 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 interaction between strategy, resource accumulation, and structure.29 Lippitt and Schmidt have concentrated on the managerial task, skills and styles as well as the organis-

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sational systems which are appropriate to the various stages of development of business. Woodward and her colleagues have built up studies which relate to the organizational characteristics of varying type of technology to appropriate product markets, managerial skills, and control systems. Lawrence and Lorch have carried out studies which show how according to varying market conditions, an efficient firm will either be able to delegate important operating decisions down the line.

3.9.0 DISTINCTION BETWEEN MANPOWER PLANNING AND ORGANIZATIONAL PLANNING

3.9.1 Obviously, there is very close connection between organizational planning and manpower planning. There are reportedly some firms which have identified manpower 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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organizational planning and management development have been crossbred for forming a new hybrid called "organizational development".\textsuperscript{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.

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
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, introduces the budgetary control system as an essential part of the management process."

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,

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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.

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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Every organization has its own special needs and peculiarities. In designing the information system, the manpower planner could emphasise those areas where relevant information 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 different 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 requirements, 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 predictor 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 manpower 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.

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 analyses and reports as well. Third, the skills inventory should serve as a manpower search and placement function. Readily accessible and detailed data about present employees' 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 throughout 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 provide a base for studies of selection, of the factors contributing to or blocking career success and mobility, and for evaluations of staffing standards and ratios.\textsuperscript{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

\textsuperscript{37}Hinrichs, John R., \textit{High Talent Personnel}, \textit{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;

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.  

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 interrelated 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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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.\textsuperscript{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 specific 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 highlight 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

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 understand 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.


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.  

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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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

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 long-term manpower forecasts and near-term 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 specifics, 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 submitted 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 effecting organizational changes.

3.15.2 There are various methods for a company to get started in manpower planning. The authority responsible may design and install a total corporate manpower 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.

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

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. 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 responsible for the higher operating cost of our public undertakings." The success of any public undertaking depends ultimately on the ability, training experience and morale and motivation of the executives engaged in these undertakings. 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..."

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3.17.0. MANPOWER PLANNING IN PUBLIC SECTOR CONCERNS IN KERALA

3.17.1 The management of manpower is the responsibility 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 recruiting, 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 evidence collected from various public sector units in Kerala. As the appointments

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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 different trade unions are very closely connected with the different political parties in the present system, which is basically rooted and inherited from the Government department. Unless the system, the culture and style of management 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 'manpower planning' prevails with the exception that they can recruit through Public Service Commission, up to the level
of Assistant Engineers. The system prevailing in the KSEB is that different chief engineers (Heads of Departments) 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 follow 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 organizations are generally free from Kerala Public Service
Commission (additional functions as respects certain Corporations and Companies) Act, 1970, in matter of recruitment to the executive positions. Still one may be inclined 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."\textsuperscript{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 undertakings 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."\textsuperscript{51}

\textsuperscript{50}\textit{Government of Kerala, Report of the Committee
on Management Development of Public Enterprises in Kerala},
op.cit. p.22.

\textsuperscript{51}\textit{Government of Kerala, Industries Department,
1978.}
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

4.0. 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". 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 organization. This function assumes greater significance in

1 Rogers, K., Managers: Personality and Performance (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 personnel helps to make the internal environment of an enterprise 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 important social activity in connection with economic progress. Physical, financial and manpower resources are by themselves but

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.\footnote{Farmer, R.M. and Richman, B.M. \textit{Comparative Management and Economic Progress}, (Homewood, Ill. 1965) p.1}

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 declaration 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 accelerating the rate of economic growth, speeding up industrialisation, increasing employment opportunities and improving the living standards of the people.

4.2.2 In the context of the strategy for economic development that India has adopted the public sector
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.

4.2.3 Most of the studies, official and unofficial, 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 personnel 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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4.2.3.1 The public enterprises have developed their own peculiar personnel problems. One of the most important things is that of identifying and securing the services of managers and administrators possessing a peculiar and rare combination of talents. Public enterprise management demands selecting and appointing persons possessing such qualities as administrative flair, energy, readiness to accept responsibility and knowledge of the principles 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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4.2.4 The erstwhile princely state of Travancore, 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 realise the need to develop a scientific recruitment policy for public sector 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 departments. 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 management 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 development. 

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 examine this matter in detail and to make recommendations with a view to enable efficient and businesslike management of these organisations.

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7 Lalbhai, Kasturbhai, Report on the Working of Public Undertakings in Kerala (Trivandrum: 1950) p.15
... The present administrative and managerial 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 fortunes are not linked to the concerns in which he is working he could not be expected to give his best.\(^10\)

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\(^10\)Pillai, 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 qualifications 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.

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 applicants 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

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, dismissal and discipline is obviously inimical to efficiency to the extent that a public enterprise 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 tendencies to which any bureaucracy is subject, with the result that even the more normal duties of government are very inefficiently performed."  

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 enterprises. 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. Comparatively 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 personnel standards and viable personnel systems, and also because of apparently inevitable bureaucratic and political pressures, poor judgment in making appointments, fixing salaries at suspiciously high levels, and supervising 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 professionals 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."  

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

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

4.4.4 Attruction of Talent.

4.4.4.1 Exceptionally efficient men tend to associate themselves with industries where there is growth potential, stability, and the possibility for social service, 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 management 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".\(^\text{14}\) In a mixed economy

\(^{14}\text{Ramanandam, V.V. Working of the Public Sector, (Bombay: 1965) pp.165-76.}\)
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 concerns to attract and retain talent.

4.4.4.3 One major factor affecting the performance of many public enterprises in the less developed countries is the shortage of men with the requisite experience. 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 competent 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 personnel. 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 important 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

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 enterprise, the management's approach would naturally be to keep this cost to the lowest level possible. But an enlightened 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.\(^\text{16}\)

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.\(^\text{17}\) This is


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 remunera-
tion 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. Exec-
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-
ceting 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

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

<table>
<thead>
<tr>
<th>Remuneration Policy of the Public Sector:</th>
<th>Perception of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very good</td>
</tr>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(0% )</td>
</tr>
</tbody>
</table>

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 stipulated that salary revisions can be done only with government approval and that all new positions created having a salary of ₹.1,000/- and above per mensem will need government clearance. Senior Government officials who sit on the Director Boards of these companies are vigilant that salary scales in these concerns are not generally 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 Government. 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 unfavourably 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 advantages of administrative services do not apply in the case of service in public sector undertakings. While remuneration 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 recruitment 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 available. In particular, public undertakings have not gone beyond the traditional passive attitude and methods regarding recruitment. In this respect public sector units suffer from obsolescence in the policies and proceedings by which they recruit, select and appoint executives.

19 Ibid, p.173
The acquisition of talent lacks vigour and imagination. There is a tendency to assume that applicants for employment will come to the government undertakings in required numbers and quality. While the preference for government 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 undertakings, 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 absorbed 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 especially of high talent manpower - is a difficult 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 personnel, 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 disposition 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."  

4.8.2 One of the greatest dangers arising from absence or inadequacy of information about personnel policies lies in the fact that employees may conclude that their own interest are at variance with that of the organization. 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. Definite 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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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 remunera-
tion 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>
<thead>
<tr>
<th>Opinions Regarding Personnel Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Very good</strong></td>
</tr>
<tr>
<td>14</td>
</tr>
<tr>
<td>(5.83%)</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Always</th>
<th>To a great extent</th>
<th>Somewhat</th>
<th>Seldom</th>
<th>Never</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>79</td>
<td>108</td>
<td>42</td>
<td>11</td>
<td>0</td>
<td>240</td>
</tr>
<tr>
<td>(32.92%)</td>
<td>(45%)</td>
<td>(17.5%)</td>
<td>(4.58%)</td>
<td>(0%)</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

Table 4.3 illustrates the influence of the trade unions in the formulation of the personnel policy. Out of 240 managers 229 (95.42%) thought 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 influence 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

<table>
<thead>
<tr>
<th>Always</th>
<th>To a great extent</th>
<th>Somewhat</th>
<th>Seldom</th>
<th>Never</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>71</td>
<td>107</td>
<td>42</td>
<td>20</td>
<td>0</td>
<td>240</td>
</tr>
<tr>
<td>(29.58%)</td>
<td>(44.58%)</td>
<td>(17.5%)</td>
<td>(8.3%)</td>
<td>(0%)</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

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.

4.9.1.2 It is important to note that some classical-traditional management theorists make a distinction between managerial and nonmanagerial skills. Nonmanagerial 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 expressed 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

reaction has crystallised in the work of Elton Mayo and other writers of what used to be called the human relations in industry school in industrial sociology and is now called organizational behaviour. Emphasis shifted from the formal approach of Taylorian scientific management 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.\textsuperscript{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.\textsuperscript{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.

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

\textsuperscript{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. 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

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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". 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, personality characteristics tend to produce differential emotional reactions to stress. Some people tolerate severely stressful situations, while others are overwhelmed with tensions and anxieties when exposed to similar stressful situations. Finally, personality factors lead to individual differences in styles of coping with stress.

4.9.1.6 Gordon and Howell point out that competence 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 competence 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

can be considered to be of three types, mental, physical, and those concerned with personality,"\textsuperscript{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.\textsuperscript{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 \textit{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."\textsuperscript{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."\textsuperscript{33} They add that "potentially successful executives may possess these traits in varying combinations, and that the quality of


performance depends not merely on a particular bundle of traits 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 characteristics in addition 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 combinations 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

34Ibid.


36For a discussion of the ways in which different managerial jobs may require different combinations of qualities, see Mandell, M.M., and Dooher M.J., and Elizabeth Marting, Selection of Management Personnel, (New York: 1957) pp.207-224.
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 personality were described which he was able to classify into seven broad categories: intelligence, adjustment, extroversion, dominance, masculinity, conservatism and interpersonal sensitivity. In his summary Mann stated:

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

The importance of certain personality 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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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.\footnote{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


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.\footnote{Ganguli, H.C., Industrial Productivity and Motivation, (New Delhi: 1961) pp.75-76.} Schell states that it is useless to list all the traits essential to executive success because all of men's mental, moral and physical virtues are to be mentioned. However,

\begin{itemize}
  \item \footnote{Teac, O., The Art of Leadership, (New York: 1963) pp.82-83.}
\end{itemize}
“there are certain traits in which variations in quality more seriously affect executive success than they do in others. . . . The person wishing to become an executive would find a heavy weighting of certain characteristics 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 successful leaders in a variety of groups and situations such as persistence, consistency, self confidence and dependability.⁴³ Hozelitz states that the small entrepreneur must primarily display the required characteristics of

⁴²Ibid.
personality and leadership. \textsuperscript{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". \textsuperscript{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. \textsuperscript{46} Dwevedi found that


the Indian and the Western managers disagreed on flexibility and sociability. Indian managers prefer sociability and discouraged flexibility, but agreed with Western managers on the importance of intelligence and cooperation, and like them, placed relatively low values on independence, conformity and dominance. 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. American managers were mature, calm, somewhat suspicious, composed, talkative, and persistent.

4.10.0 SELECTION TECHNIQUES

4.10.1 A good deal is known about the performance of managers, but the predictions about management success are still in the early stages of exploration and survey. There is often no agreement on what is management success and on what is personality, so that there


is little agreement on what personality it takes to be a successful manager. There have been a number of objective criteria developed and some of them have been predictable. 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 personality characteristics associated with successful managers, 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.

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 difficult 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 systematic 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 reasonably effective.

4.10.3.1 The strategy of recruitment and selection 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.

50 See Warner Lloyd W and Norman H. Martin (ed) Industrial Man (New York: 1959)
ii. The method must be administratively convenient. 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 arduous 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.
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.

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.

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.

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 test'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


Smith et al. 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. 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. Similarly, Monappa and Saiyadain's study on samples from three organizations found a lack of relationship between test scores and performance measures. 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.


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. 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.

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.


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 alternative 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 employment 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


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.

4.10.3.8 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 problems relating to the validity and reliability of measures.

4.10.3.9 Over the years this type of research 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 organizational entity, then it can be said that no tests or procedures developed so far have yielded results better than the fallible judgement of wise and experienced executives.62

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 interviewee, 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


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

i) A means of gathering together inform-
ation 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 corpora-
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 everyone 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 competent 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 uniformity, at least outwardly, in the matter of appointment of Directors. Most of the Articles of Association


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 follows:

"Unless otherwise determined by the Government 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 nine. All the Directors including the whole-time Directors shall be appointed by the Government."

4.12.1.2 In certain other companies the Governor 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:

1) 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.

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

4.12.1.3 In Kerala Land Development Corporation the Articles specify certain conditions of appointments. 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 consulting 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)

<table>
<thead>
<tr>
<th>Actual size of the Board</th>
<th>No. of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>50</td>
</tr>
</tbody>
</table>

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 individual enterprises. The Estimates Committee has advocated for a Board of three to four members, one being the Chairman. The Krishna Menon Committee has recommended a small Board consisting of five to nine members depending upon the size and nature of the enterprise.

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,


72 All India Congress Committee, Report on Parliamentary 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 viewpoint is not obtainable."  

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 authority. They are to serve on the Board at the pleasure of the Governor or Government. Only in rare exceptions like the Kerala Land Development Corporation Limited the tenure has been specifically mentioned as three years.

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.


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 adversely 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 political executive. Table 4.6 shows the break up. From Table 4.6 it can be seen that out of the 476 directorships 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)

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Government Officials:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) All India Service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) IAS - 70 (14.7%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) IPS - 6 (1.26%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) IFS - 11 (2.31%)</td>
<td>219</td>
<td>46.02</td>
</tr>
<tr>
<td>ii) State Government Service:</td>
<td>132</td>
<td>27.75%</td>
</tr>
<tr>
<td>2. Politicians &amp; Social Workers</td>
<td>122</td>
<td>25.63%</td>
</tr>
<tr>
<td>3. Professions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service - 56 (11.76%)</td>
<td>68</td>
<td>14.28%</td>
</tr>
<tr>
<td>Creditors' Nominees - 12 (2.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Industrialists</td>
<td>28</td>
<td>5.88%</td>
</tr>
<tr>
<td>5. Others</td>
<td>39</td>
<td>8.19%</td>
</tr>
<tr>
<td></td>
<td>476</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

(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' nominees 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)

<table>
<thead>
<tr>
<th>Designation</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Additional Secretary, Industries Department</td>
<td>13</td>
</tr>
<tr>
<td>2. Additional Secretary, Finance Department</td>
<td>7</td>
</tr>
<tr>
<td>3. Director of Industries &amp; Commerce</td>
<td>6</td>
</tr>
<tr>
<td>4. Commissioner &amp; Special Secretary, Industries</td>
<td>6</td>
</tr>
<tr>
<td>5. Secretary, Industries Department</td>
<td>6</td>
</tr>
<tr>
<td>6. Agriculture Production Commissioner</td>
<td>6</td>
</tr>
<tr>
<td>7. Chief Conservator of Forests</td>
<td>4</td>
</tr>
<tr>
<td>8. Secretary, Finance Department</td>
<td>4</td>
</tr>
<tr>
<td>9. Deputy Secretary, Industries Department</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>56</td>
</tr>
</tbody>
</table>
From Table 4.7 it can be seen that 56 directorships are occupied by just nine officials. Kamla Choudhary, has pointed out "The pattern of management in public enterprises also is similar in many ways to that of the managing agency or that of subsidiaries of foreign firms. Authority 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, reminiscent of the practices prevailing under the managing agency system. It would appear that certain officials in different departments of the Kerala Government have developed 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

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)

<table>
<thead>
<tr>
<th>No. of Govt. Officials</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors %age</td>
<td>of</td>
</tr>
<tr>
<td>No. of Total officials</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>--</td>
</tr>
<tr>
<td>1. Kerala Forest Development Corporation</td>
<td>9</td>
</tr>
<tr>
<td>2. Kerala State Construction Corporation</td>
<td>8</td>
</tr>
<tr>
<td>3. Kerala Automobiles Limited</td>
<td>3</td>
</tr>
<tr>
<td>4. Rehabilitation Plantation Corporation</td>
<td>8</td>
</tr>
<tr>
<td>5. Forest Industries (Trav.) Ltd.</td>
<td>7</td>
</tr>
<tr>
<td>6. Kerala Premo Pipe Factory Ltd.</td>
<td>8</td>
</tr>
<tr>
<td>7. Kerala State Industrial Enterprises</td>
<td>8</td>
</tr>
<tr>
<td>8. Scooters Kerala Limited</td>
<td>5</td>
</tr>
<tr>
<td>9. Kerala State Coconut Development Board</td>
<td>7</td>
</tr>
<tr>
<td>10. Kerala State Industrial Development Corporation</td>
<td>7</td>
</tr>
<tr>
<td>------------------------</td>
<td>--</td>
</tr>
</tbody>
</table>
As is evident from the Table 4.9.,

Table 4.9
Companies wherein Politicians Predominate in the Board of Directors (as on March 1981)

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Board of Directors</th>
<th>%age of Politicians</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Politicians</td>
<td>Total</td>
</tr>
<tr>
<td>1. Kerala State Financial Enterprises Limited</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>2. Kerala State Cashew Development Corporation Limited</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>4. Kerala State Coir Corporation Limited</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>5. Kerala State Development Corporation for SC &amp; ST Limited</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>6. Kerala Tourism Development Corporation Limited</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>7. Kerala Land Development Corporation Limited</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>8. Kerala State Bamboo Corporation Limited</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>9. Kerala Agro Industries Corporation Limited</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>10. Handicrafts Development Corporation of Kerala</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>11. Kerala Livestock Development and Milk Marketing Board</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>12. Foam Mattings (India) Limited</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>13. Plantation Corporation of Kerala Limited</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>
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 union 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

conclusion that appointment of legislators to public enterprise boards "is altogether an unhealthy practice and is difficult to justify." Based on this, the Government 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 economical 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 reliability 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 civil 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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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 perquisites 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 chairmanship 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 essentially 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, considered quite competent and knowledgeable and is influential 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 Government 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 Director or the General Manager as the case may be - is generally 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 flexibility of operation will be possible only if he enjoys authority - 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 intimate 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)

<table>
<thead>
<tr>
<th>Category</th>
<th>Chairman</th>
<th>%</th>
<th>Chief Executive</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. All India Service*</td>
<td>30</td>
<td>40.00</td>
<td>16</td>
<td>21.33</td>
</tr>
<tr>
<td>2. Professionals</td>
<td>13</td>
<td>17.33</td>
<td>33</td>
<td>44.00</td>
</tr>
<tr>
<td>3. State service (on deputation)</td>
<td>7</td>
<td>9.33</td>
<td>26</td>
<td>34.67</td>
</tr>
<tr>
<td>4. Politicians</td>
<td>22</td>
<td>29.34</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>5. Retired Civil Servants</td>
<td>3</td>
<td>4.00</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>75</td>
<td>100.00</td>
<td>75</td>
<td>100.00</td>
</tr>
</tbody>
</table>

* All India service includes IAS, IPS & IFS.

4.1.3.5.2 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 observation, 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 chairmanships. 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%) chairmanship 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 conscientious 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

is obvious. Planning for succession to the top position should begin almost immediately after one chief executive has taken over. It is wise for an organisation 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 Government 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-Director-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

In the ultimate analysis, the efficient conduct of an enterprise depends more on the personnel placed in charge of it and the framework within which they are allowed to operate and upon rules, procedures 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." 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 convincing 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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Hanson, A.H., *Managerial Problems in Public Enterprises*, op. cit., p. 73.
4.13.8 The problem of filling the key managerial posts still has not yet been resolved in spite of the best efforts of the Governments during the last several 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 administrative 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

\(^{81}\) Editorial, *Indian Express*, (Cochin) 14th 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. The continued reliance on the policy of sending persons on deputation to the public undertakings has its disadvantages in several ways. The most important of such disadvantages 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 service rules and regulations and the result is a slow-moving bureaucratic set-up, so frustrating to able managers that they sedulously avoid the public service and seek their fortune in the private sector.83


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 pre-conditioning 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

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. 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 and the Administrative Reforms Commission 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.

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85 Estimates Committee (Third Lok Sabha), Fifty-Second Report, op.cit. p.56
86 Ibid., p.6
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. 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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administrative procedure helping to ensure that people in key positions will have an applicable background of experience 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 preparation 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


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

4.14.2.3 How effectively a manager will perform on the job cannot be predicted by the number of degrees he holds, the grades he receives in school, or the formal management education programs he attends. ... Managers are not taught in formal education programs 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 organizational ladder. 

4.14.2.4 Wilson Randle analyzed three thousand executives in order to determine how to identify promotable executives, he describes eight characteristics called "universals" which meet the criteria for promotability in all executives. In addition, Randle found certain 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. 

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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.

4.14.3.2 McGregor had suggested that the superior 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.\textsuperscript{96} There are several variations to this approach in developing the appraisal system, notably from Huse\textsuperscript{97}, Brown\textsuperscript{98} and Whisler\textsuperscript{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.


\textsuperscript{98}See Brown M. Andrew, Management Development and Management by Objective for the Line Manager, (Bombay, 1970).


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 of 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 evidence - even suspicion - of favouritism. The people in the organisation must have confidence that those promoted actually merit promotion, that selections are made carefully, thoughtfully, and fairly, that what is important is not whom you know but what you are. It is the business 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 enterprise. The promotion policy of an enterprise must satisfy two basic considerations, viz., (i) it should provide reasonable avenues of promotion to the employees at reasonable intervals and; (ii) it should enable the management to select competent employees and promote them to

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 seniority 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 selection 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 expeditiously 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 deputatis 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.

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 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

<table>
<thead>
<tr>
<th>Opinion Regarding Promotion Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>240</td>
</tr>
<tr>
<td>(100%)</td>
</tr>
</tbody>
</table>
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.

4.14.4.1 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

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>78</td>
<td>162</td>
</tr>
<tr>
<td>(%)</td>
<td>(32.5%)</td>
<td>(67.5%)</td>
</tr>
</tbody>
</table>

4.14.4.2 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.

4.14.4.3 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 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 interviews 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 leadership, 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. This 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

<table>
<thead>
<tr>
<th>Opinion Regarding Performance Appraisal System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>11</td>
</tr>
<tr>
<td>(4.58%)</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th></th>
<th>Very much</th>
<th>Much</th>
<th>Sometimes</th>
<th>Seldom</th>
<th>Never</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18</td>
<td>38</td>
<td>122</td>
<td>51</td>
<td>12</td>
<td>240</td>
</tr>
<tr>
<td>(7.5%)</td>
<td>(16.25%)</td>
<td>(50.83%)</td>
<td>(21.25%)</td>
<td>(5%)</td>
<td>(100%)</td>
<td></td>
</tr>
</tbody>
</table>

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 advertisement 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 pattern 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. 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

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 personnel 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. Nonetheless, their recruitment may invite trouble because men who are within the organisation will expect to be promoted whenever opportunities present themselves for replacement or to fill up new positions. 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 programmes 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 Universities and technological institutions are anxious to join industries in preference to traditional callings, many public sector concerns follow a practice of recruiting young men who have good education, intelligence, personality and record of extra-curricular activities for appointment 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 permanently 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 possibilities are there, the distinction between the directly recruited and promotees remains an insidious one, acting as a barrier in the way of understanding and team spirit at managerial levels. Then again, in selecting such executive 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 current 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 important 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 professional 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 technological 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 planning and preparation. A concerted effort to have management trainees schemes was formulated for the first time by the Kerala State Industrial Enterprises for their subsidiaries by 1973-74.

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

*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 Industries 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 renovation 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 ₹.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 ₹.600/- per mensem in the pay scale of ₹.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 ₹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 ₹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.

<table>
<thead>
<tr>
<th>Year</th>
<th>IIM-A %</th>
<th>IIM-B %</th>
<th>IIM-C %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>66.9</td>
<td>33.1</td>
<td>26.5</td>
</tr>
<tr>
<td>1977</td>
<td>74.2</td>
<td>25.8</td>
<td>26.3</td>
</tr>
<tr>
<td>1978</td>
<td>62.0</td>
<td>38.0</td>
<td>36.8</td>
</tr>
<tr>
<td>1979</td>
<td>85.6</td>
<td>14.4</td>
<td>41.4</td>
</tr>
<tr>
<td>1980</td>
<td>91.9</td>
<td>8.1</td>
<td>53.4</td>
</tr>
<tr>
<td>1981</td>
<td>83.0</td>
<td>17.0</td>
<td>57.7</td>
</tr>
<tr>
<td>1982</td>
<td>87.2</td>
<td>12.8</td>
<td>74.0</td>
</tr>
</tbody>
</table>

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 maintenance 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 professional management. Further the concerned top agencies like Bureau of Public Enterprises have to make a conscientious 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

<table>
<thead>
<tr>
<th>Source</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector</td>
<td>36</td>
<td>15.00</td>
</tr>
<tr>
<td>Government</td>
<td>52</td>
<td>21.67</td>
</tr>
<tr>
<td>Central public sector</td>
<td>12</td>
<td>5.00</td>
</tr>
<tr>
<td>State public sector</td>
<td>42</td>
<td>17.50</td>
</tr>
<tr>
<td>Fresh recruits</td>
<td>98</td>
<td>40.83</td>
</tr>
<tr>
<td></td>
<td></td>
<td>240</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100.00</td>
</tr>
</tbody>
</table>

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 investment 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 manpower required will be about 1,200. The small scale and co-operative sectors may also require managers at different levels in equally large numbers.

This Committee estimates that even for existing operations, most of the companies 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 Development of Public Enterprises in Kerala the government has recently took an important decision. "A top-level Committee will be constituted to assess the aptitudes and

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 undertakings.\textsuperscript{104}

However, it is not yet time to make a critical 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 obsolescence in the policies and procedures by which they recruit, examine and appoint executives. Their acquisition of talent needs more vigour and imagination. There is a tendency to assume that applicants

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 industries 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 recruitment is necessary. Selection methods have to be improved, with greater stress than now on the assessment of the personal 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 knowledgeable quarters 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 candidates. 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 premature. And it is not corroborated by facts. The present 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 qualifications and experience to be appointed to similar positions. 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

¹⁰⁵Pillai, 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' decisions may be influenced by politics of the ruling government. Table 4.17 reveals that political and other factors exert an overwhelming influence in the selection of executives. Nevertheless, 77.50 per cent of the respondents have expressed that the selection is not unfair.

Table 4.17
Opinion regarding the Influence Involved in Selection of Executives

<table>
<thead>
<tr>
<th>Politics and other factors</th>
<th>No influences</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>184 (76.66%)</td>
<td>56 (23.34%)</td>
<td>240</td>
</tr>
</tbody>
</table>

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 viewpoints expressed from different quarters regarding political interference in the selection, the executives in these concerns expressed that
Table 4.18

Opinion Regarding Fairness of Executive Selection

<table>
<thead>
<tr>
<th></th>
<th>Very fair</th>
<th>Fair</th>
<th>Somewhat fair</th>
<th>Bad</th>
<th>Very bad</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
<td>63</td>
<td>108</td>
<td>33</td>
<td>21</td>
<td>240</td>
</tr>
<tr>
<td></td>
<td>(6.25%)</td>
<td>(25.25%)</td>
<td>(45.0%)</td>
<td>(13.75%)</td>
<td>(8.75%)</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

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\textsuperscript{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.

\textsuperscript{106} Harbison and Myers, Management in the Industrial World, \textit{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 consideration 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 public 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 political appointees are usually incapable of coping successfully with the difficult task of managing a large and complex business organisation, and that the stress on party loyalty is at the expense of efficiency. Such realisation will result in the movement towards making the character 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 establish 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 assignment 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 professional background as trainees at the junior level. A review of the performance of the existing managerial team in each catch Government controlled unit is also called for".

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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 civilization itself. Such an analysis also reveals that change due to technological innovation exhibits all the characteristics of an exponential growth curve with the implication 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. 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 situations previously unknown and unprecedented. The growth of

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 complexities 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 unemployable".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 powerful 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.


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 problems 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 techniques, incentive systems and the like. Management was becoming "things" oriented instead of "firm" oriented as it had been in the past.  

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' productive 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 development and training gained significant momentum. In just a few years, the concept of management had moved successively

4Ibid. 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

⁵George Claude, S. Jr., The History of Management Thought, op.cit, p.87
were the search for efficiency as the key to renewed and expanding element in achieving efficiency; and a new emphasis 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 management 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 contribution 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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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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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. Indeed, it may have been that some of the North European countries such as Belgium and United Kingdom would equally have benefited from sustained attempts to change outlooks, for there is evidence that it is only possible to operate advanced techniques in firms with progressive outlook. 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.

10 Ibid, p.4.

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.  

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. However, the vast majority of


13Lenin, 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 technical 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 technical expert who could command the obedience of his subordinates in the solution of technical problems and in the execution of plans prescribed in considerable detail by central authorities. 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 progressive measures of capitalism. We must introduce in Russia the study and teaching of the Taylor System and its systematic trial and adoption": cited in Spengler, The End of Ideology, (Glencoe, Ill.: 1960) p.253.

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 Khrushchev 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 wherever 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 Presidium 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 industry and the raising of people's living standards, 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 industry 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 innovation 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

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 institutes. 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 University institutes offer postgraduate studies in management. In Poland, Hungary, Bulgaria and Rumania, management study centres were established with the assistance of the International Labour Organization.\footnote{Jirasek Jaroslav, "New Management Systems in the Planned Economy", in Proceedings of 15th CIOS International Management Congress, (Tokyo: 1969) p.211.}

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 Thailand, the Thailand Management Development and Productivity Centre was established in 1962 with the aid of the U.N.
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 Malaysia, 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, established 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 training courses for training of managers in the principles, practices and techniques of management.\footnote{Mehta, M.M., Human Resources Development Planning, op.cit. pp166-167.}

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)
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 Productivity Agency 17.

5.4.1.2 In India, the management movement started only in the period after the attainment of independence. It gained momentum with the intensification of the process of economic development and rapid advances on the technological front combined with the further diversification 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. Secondly, an enlarged private sector which made spectacular progress in industrial activity during the first decade of planned development. ... Thirdly, a comprehensive program of community development and

17 Ibid.
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 \textit{inter alia} that:


\[^{19}\text{Ibid, p.16.}\]
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, commerce 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 leading to the award of national diplomas and certificates in management, advise the All-India Council of Technical Education 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 management studies in the country.

5.4.1.5 A Planning Committee was also appointed to prepare detailed plans and estimates for an Administrative Staff College and a National Institute of Management and to take steps for their establishment. Management 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 commerce. Both Institutes were assisted in their establishment and development by two well-known American Universities 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 Administration of the Harvard University. The main objectives of the Institutes are:

i) to provide educational facilities for training young men and women for management careers and for developing experienced administrators;

ii) to conduct research, to contribute to the growth of knowledge of management and administration, and to provide consultancy services; and

iii) to provide for the development of teachers in management and administration.

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 responsibilities 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 watershed in the acceptance of training as a fundamental pre-requisite 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 programmes. The overall effect was to legitimise and expand training opportunities
within the management structure of government\textsuperscript{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\textsuperscript{21} in 1968 and its recommendations concerning the training, particularly in management as well as the establishment of a civil service college for the provision of mainly residential courses in different areas and topics. Similar developments have taken place in other countries, both developed and underdeveloped, too,\textsuperscript{23}. Training has become both a legitimate and a major public sector activity, receiving widespread support at all

\textsuperscript{20}For a detailed discussion, see Gladden E.N., Civil Services of the United Kingdom, (London: 1967).

\textsuperscript{21}For a discussion on the reports of the various Committees, see Gladden, E.N., Central Government Administration, (London: 1972).

\textsuperscript{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 findings of the social science research. Today, to all appearances, the training function has achieved a respected status in the management system of any public or private organisation. As such training is one of the fastest growing segment of personnel activities.

5.5.1.2 To explain the objectives of personnel development one cannot do better than quoting the following 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, vocational or technical proficiency—the capacity to understand and direct the work of others, to accept responsibility, to exercise good judgement in making difficult decisions, and to give confidence to others in trying circumstances. In addition

to developing these essentially personal qualities and perfecting the skills that make them effective, administrators need to understand 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 independent 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.

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 panacea 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 putting 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

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.\textsuperscript{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 immediately be put to use at work. In other words, training is an action process by which capabilities of the personnel 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.

\textsuperscript{27}Tinbergen, Jan., \textit{Reshaping the International Order: A Report to the Club of Rome}, (New York: 1976) pp.61-64.
As very rightly pointed out by Abad Ahamed, "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 organization 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


\(^{30}\) Sharma K. Aravind, Management Development in
comprehensive system under which opportunities for training, 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, organising 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. Management development, therefore represents the whole gamut of organization initiated measures for the guided and planned growth of those discharging management function\textsuperscript{31}.

5.6.1.4 Executive development is a multifaceted concept that is not altogether clear because different organisations define the concept differently. For some, the concept means simply appraising the performance and potential of managerial employees at a certain organizational 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 developmental programmes by management associations and consultants. Sometimes, compensation and organizational planning are regarded as integral parts of the executive development concept. If looked upon from this multifaceted

\textsuperscript{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.\textsuperscript{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.

\textsuperscript{32} Patton, Thomas H., Jr. \textit{Manpower Planning and the Development of Human Resources}, \textit{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."

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 organization simultaneously facilitates such self-development, we have the possibility of harmonious integration of individual and organizational objectives." 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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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 organizations. 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 understand 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 organizations. These have been described in detail by Bennis.36


Technology is advancing so rapidly that older and more rigid organizational forms are sorely taxed. New management methods, such as project management and matrix structures, place a premium on rapid adaptation to change, teamwork, and temporary system (committee and task force) formation. Emerging societal values and the rise of professionalism 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 techniques 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 scientists 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 Development: There is no clearcut typology of the techniques associated with the change process. It is, however, possible to identify some of the major thrusts. Richard Beckhard advocates a "systematic information collection, feedback and joint action planning" model in which a consultant assists working groups of management personnel in learning how to identify, understand and solve operational and interpersonal problems. Blake and Mouton contrast their Grid Organizational Development procedure with what they call the T-Group Consultant approach. The Grid approach begins with a preestablished model of what effective 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


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. Still another model is the survey-feedback design in which questionnaire data from employees at several levels are compiled. Meetings of employee groups are then held for the purpose of mutually analysing and interpreting the results as an aid in solving organization problems. Management development aims at preparing the managers individually for better performance in the organization. "Organization Development goes one


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 sustained change in their behaviour conducive to better organisational performance.41.

5.7.2.1 **Problems of Organizational Development 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 deleterious consequences for both the focal organization and the individuals in it if a concerted effort is not made to recognise and compensate for the potential conflict 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.


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.\textsuperscript{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

others think that management is a science and the manager will require different aptitudes and preparation must emphasize knowledge, analysis and research, as well as skills. However, the modern theories of management imply that management is what is usually described as an applied science. The notion that management is to be applied science establishes 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 types of skills - technical, human and conceptual. Technical skills are those that involve specialized knowledge, analytical ability within that speciality, and facility in the use of tools and techniques of the specific discipline. Human relations skills are those that provide facility and effectiveness 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. Riegel identifies five classes of basic skills.

executive skills to perform lesser jobs, to plan, to select subordinates and to stimulate them; skills in negotiating; skills in investing and risk-bearing; skills in visualising, devising, and bringing about improvements; and skills in cooperating with other managers and technicians.  

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 responsibility, a talent for developing both the business and its employees, courage to carry out plans, continuing insistence on research, and ability to judge personal value by comparison with past, present and future objectives.

Others who have sought to identify qualities that make for successful executive performance include Argyris, Hook and Gardner.

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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

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 integrated, or total approach, can formal training in an organisation 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 working with him to focus, direct and apply their self-development 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 manipulating their behaviour to suit organizational needs. Rather it calls for creating a relationship with which a man can take responsibility for developing his own potentialities, plan for himself, and learn from putting his plans into action. In the process, he can

\(^{50}\)Dayal, Ishwar, Management Training in Organizations, (New Delhi, 1970) p.vii.

gain a genuine sense of satisfaction, for he is utilising his own capabilities to achieve simultaneously both his objectives and those of the organization.  \(^5^2\)

Even well-designed desirable changes, if introduced arbitrarily, fail to produce anticipated results. There is a definite philosophy and techniques for introducing changes. Griffin and Pareek rightly observe that "bringing about change in a field of activity involves changes in people, in their thinking, feelings and behaviour and in relationships among people."  \(^5^3\)

5.8.2 The Strategy for Training

The starting point of developing a strategy of management development for a 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


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>
<thead>
<tr>
<th></th>
<th>To a great extent</th>
<th>To some extent</th>
<th>Not sure</th>
<th>May not</th>
<th>Not at all</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>140 (58.33%)</td>
<td>62 (25.83%)</td>
<td>16 (6.67%)</td>
<td>19 (7.92%)</td>
<td>3 (0.25%)</td>
<td>240 (100%)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Rating</th>
<th>To a very great extent</th>
<th>To some extent</th>
<th>Not much</th>
<th>Do not require</th>
<th>Not at all</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>137</td>
<td>65</td>
<td>14</td>
<td>21</td>
<td>3</td>
<td>240</td>
<td></td>
</tr>
<tr>
<td>(57.09%)</td>
<td>(27.08%)</td>
<td>(5.83%)</td>
<td>(8.75%)</td>
<td>(1.25%)</td>
<td>(100%)</td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Definitely</th>
<th>To a very great extent</th>
<th>To some extent</th>
<th>Only very little</th>
<th>Not at all</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>62</td>
<td>128</td>
<td>32</td>
<td>3</td>
</tr>
<tr>
<td>(6.25%)</td>
<td>(25.83%)</td>
<td>(53.34%)</td>
<td>(13.33%)</td>
<td>(1.25%)</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

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.
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, nonetheless 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 organization to organization and also in the same organizations 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 becoming highly specialised. However, it is important that top management has so much to do with training and can be usefully 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 workshops 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

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". 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.

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


complex organization, as public sector industries are, the top executives alone can generate conscientious efforts, spirit of fair competition, willingness to shoulder responsibility and free and frank discussions amongst the managers. What motivates managers has always been a controversial 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. 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 management 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 development 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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individual skill or developmental needs, organizational development needs, training programme design, budget planning, or short or long range work force staffing. 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". 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


ineffectiveness; it can improve performance when other necessary conditions are created within the organization. The major reason for conducting a careful analysis of the 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.

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 anyone, 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 sector.

60 Dayal, Ishwar, Management Training in Organizations, (New Delhi: 1970) p.3,

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 discrepancies and more direct skill and knowledge deficiencies. 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". "Can't do" problems can be addressed by training solutions while "don't do" problems require other strategies. One of the more successful ways of deciding what training is necessary, is to decide what training is not necessary. This involves determining the actual character of any performance deficiency, so that alternative strategies, such as organizational change, can be considered.64


Following the pioneering work of McGehee and Thayer, it is now customary to use a three-faceted approach in determining training needs in the organizations. 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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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.  

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

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training as there is uncertainty about the training requirements. 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 training programme is required to accomplish. Of course, while attempting an assessment of the training needs in the organization, 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. Instead, 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 executive for a training programme. The most common practice is that when an invitation for a particular course is received, the chief executive usually consults the concerned head of the department about selecting a person for
Table 5.4

Methods of Training Need Assessment in Public Sector Concerns

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Method used</th>
<th>No. of Companies using the method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Analysis of personal inventory</td>
<td>20</td>
<td>42.62</td>
</tr>
<tr>
<td>2.</td>
<td>Performance appraisal</td>
<td>10</td>
<td>23.81</td>
</tr>
<tr>
<td>3.</td>
<td>Recommendations of the Superior/Head of the Department</td>
<td>30</td>
<td>71.43</td>
</tr>
<tr>
<td>4.</td>
<td>Suggestions/Requests from the individual executives</td>
<td>25</td>
<td>59.52</td>
</tr>
<tr>
<td>5.</td>
<td>Peer Suggestions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6.</td>
<td>Report of the consultants</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7.</td>
<td>Chief Executive's suggestion</td>
<td>25</td>
<td>59.52</td>
</tr>
<tr>
<td>8.</td>
<td>Training needs survey</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9.</td>
<td>Invitation from the Training Institutions</td>
<td>25</td>
<td>59.52</td>
</tr>
</tbody>
</table>

Note: The percentages add up to more than 100 as the same organization may use more than one method.

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 training course, on the suggestions of the Head of the Department the Chief Executives take the decision.
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. programme 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 exceptional 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 concerns like Plantation Corporation are also trying to follow the example, by deputing executives to attend the management 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 technology 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
6. Training within the company.
7. Special assignments in the company.
8. Special assignments outside the company.
9. 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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light on the deficiencies 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 organizational problems diagnosed by the experts to find out important areas of weakness which otherwise are likely to remain concealed. Investigation has revealed that no public 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 executives vis-a-vis the organization objectives.

5.10.1.5 Opinion of the executives with respect to fairness in selection for management training programme is presented in Table 5.5.

Table 5.5
Fairness in Selection for Management Training Programmes

<table>
<thead>
<tr>
<th></th>
<th>Totally fair</th>
<th>Somewhat fair</th>
<th>Satisfactory</th>
<th>Slightly unfair</th>
<th>Completely unfair</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6</td>
<td>20</td>
<td>132</td>
<td>76</td>
<td>6</td>
<td>240</td>
</tr>
<tr>
<td></td>
<td>(2.5%)</td>
<td>(8.33%)</td>
<td>(55.0%)</td>
<td>(31.67%)</td>
<td>(2.5%)</td>
<td>(100%)</td>
</tr>
</tbody>
</table>
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 prevailing
in Government. In some others the system is only a "poor imitation" of the principles and practices evolved in successful organizations.

5.10.1.1 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 subjective. 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 occasion 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 confrontation 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 appraisers 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 sector

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 programmes. On the job training includes rotational assignments, under study, special assignment, interdepartmental conference, etc. Rotational assignments helps the executives 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. The special 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 holding an executive position in these organizations. The Kerala State Road Transport Corporation occasionally sends its very senior officers for management development courses in institutions 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 Petroleum. 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 indifferent 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 Management 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

<table>
<thead>
<tr>
<th>Number attended</th>
<th>Not attended</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>173 (72.08%)</td>
<td>67 (27.92%)</td>
<td>240 (100%)</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Method</th>
<th>Rank</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lecture</td>
<td>12</td>
<td>14</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(6.94)</td>
<td>(8.09)</td>
<td>(12.14)</td>
<td></td>
</tr>
<tr>
<td>2. Case method</td>
<td>49</td>
<td>45</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(28.32)</td>
<td>(26.02)</td>
<td>(16.18)</td>
<td></td>
</tr>
<tr>
<td>3. Incident method</td>
<td>12</td>
<td>16</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(6.97)</td>
<td>(9.25)</td>
<td>(13.29)</td>
<td></td>
</tr>
<tr>
<td>4. Business games</td>
<td>18</td>
<td>22</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(10.41)</td>
<td>(12.73)</td>
<td>(9.25)</td>
<td></td>
</tr>
<tr>
<td>5. Practical training</td>
<td>24</td>
<td>21</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(13.87)</td>
<td>(12.14)</td>
<td>(17.93)</td>
<td></td>
</tr>
<tr>
<td>6. Sensitivity training</td>
<td>6</td>
<td>9</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.47)</td>
<td>(5.20)</td>
<td>(8.67)</td>
<td></td>
</tr>
<tr>
<td>7. Role playing</td>
<td>8</td>
<td>14</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4.62)</td>
<td>(8.09)</td>
<td>(9.25)</td>
<td></td>
</tr>
<tr>
<td>8. Seminar &amp; Syndicates</td>
<td>44</td>
<td>32</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(25.43)</td>
<td>(13.49)</td>
<td>(13.29)</td>
<td></td>
</tr>
</tbody>
</table>

(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, seminars 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 encourages 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 ridden solutions. Further cases are often vague and nonspecific 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 relevant to the Indian scene. There are such major differences in the business environments in the two countries - government policies, levels of competitions, 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 outlook, 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 functions 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 tolerance that gets developed is appropriate 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 difficulties 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 programmes. 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.

<table>
<thead>
<tr>
<th>Conduciveness of environment</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Completely conducive</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>b) To a great extent</td>
<td>20</td>
<td>11.56</td>
</tr>
<tr>
<td>c) To some extent</td>
<td>71</td>
<td>41.04</td>
</tr>
<tr>
<td>d) Not conducive</td>
<td>64</td>
<td>36.99</td>
</tr>
<tr>
<td>e) Not at all conducive</td>
<td>18</td>
<td>10.41</td>
</tr>
<tr>
<td></td>
<td>173</td>
<td>100.00</td>
</tr>
</tbody>
</table>

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 phenomenon. 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 production 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 services.

- to impart induction training to new recruits 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

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Programme</th>
<th>Dates</th>
<th>Public</th>
<th>Private &amp; Joint Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Workshop on MBO &amp; Corporate Planning Tier - I</td>
<td>13 to 15 Aug. '79</td>
<td>23</td>
<td>1</td>
<td>24</td>
</tr>
<tr>
<td>2</td>
<td>Workshop of MBO &amp; Corporate Planning Tier II</td>
<td>16 to 18 Aug. '79</td>
<td>18</td>
<td>1</td>
<td>19</td>
</tr>
<tr>
<td>3</td>
<td>Total Marketing Approach</td>
<td>27 to 29 Sept. '79</td>
<td>20</td>
<td>1</td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td>Managerial Involvement &amp; Team Work Tier I</td>
<td>8 to 10 Nov. '79</td>
<td>8</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Managerial Involvement &amp; Team Work Tier II</td>
<td>11 to 13 Nov. '79</td>
<td>6</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>Consumer Price Index</td>
<td>13 to 15 Dec. '79</td>
<td>15</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>7</td>
<td>Effective Executive</td>
<td>10 to 12 Jan '80</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>8</td>
<td>Finance for Non-Finance Executives</td>
<td>17 to 19 April '80</td>
<td>6</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>9</td>
<td>Production Management</td>
<td>5 to 7 June '80</td>
<td>7</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>10</td>
<td>Materials Management</td>
<td>6 to 8 Aug. '80</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>

(contd....)
<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Management Information System</td>
<td>24 to 26 Sept. '80</td>
<td>7</td>
<td>1</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Human Resources Management - Current and Emerging Trends</td>
<td>11 to 13 Dec. '80</td>
<td>5</td>
<td>3</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Finance for Non-Finance Executives</td>
<td>20 to 22 Apr. '81</td>
<td>7</td>
<td>2</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Financial Control &amp; Reporting System</td>
<td>15 to 18 June '81</td>
<td>10</td>
<td>3</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Finance for Non-Finance Executives</td>
<td>27 to 29 Aug. '81</td>
<td>8</td>
<td>7</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Problems of Management of Personnel &amp; Employee Relations</td>
<td>28 to 30 Sept. '81</td>
<td>21</td>
<td>9</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Computers &amp; Management Information System</td>
<td>10 to 12 Dec. '81</td>
<td>17</td>
<td>3</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Behavioural Laboratory for Managerial Effectiveness</td>
<td>27 to 31 Jan. '82</td>
<td>11</td>
<td>3</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Management of Maintenance - Current and Emerging practices</td>
<td>2 to 4 March 82</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Materials Management</td>
<td>22 to 24 March 82</td>
<td>12</td>
<td>1</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

(to be contd.)
<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21. Management of Discipline</td>
<td>10 to 12</td>
<td>8</td>
<td>2</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>June '82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Supervisory Development</td>
<td>27 to 31</td>
<td>20</td>
<td>2</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td></td>
<td>July '82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Working Capital Management</td>
<td>29 Sept.</td>
<td>18</td>
<td>4</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to 1 Oct. 1982</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nov. '82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Marketing</td>
<td>20 to 22</td>
<td>12</td>
<td>1</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dec. '82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>294</strong></td>
<td><strong>76</strong></td>
<td><strong>370</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Programme</th>
<th>Organization</th>
<th>Dates</th>
<th>No. of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>1. Behavioural Science &amp; Interpersonal Relations I Batch</td>
<td>Trevancore Titanium Products Ltd.</td>
<td>7 to 9 March '80</td>
<td>25</td>
</tr>
<tr>
<td>(2)</td>
<td>2. Behavioural Science &amp; Interpersonal Relations II Batch</td>
<td>do-</td>
<td>10 to 12 March 80</td>
<td>22</td>
</tr>
<tr>
<td>(3)</td>
<td>3. Finance and Budgetary Control I Batch</td>
<td>do-</td>
<td>14 to 16 Apr. '80</td>
<td>23</td>
</tr>
<tr>
<td>(4)</td>
<td>4. Finance &amp; Budgetary Control II Batch</td>
<td>do-</td>
<td>17 to 19 April 80</td>
<td>22</td>
</tr>
<tr>
<td>(5)</td>
<td>5. Production Management I Batch</td>
<td>do-</td>
<td>19 to 21 May 1980</td>
<td>23</td>
</tr>
<tr>
<td>(6)</td>
<td>6. Production Management II Batch</td>
<td>do-</td>
<td>22 to 24 May 1980</td>
<td>22</td>
</tr>
<tr>
<td>(7)</td>
<td>7. Maintenance &amp; Spare Parts Management - I Batch</td>
<td>do-</td>
<td>9 to 11 June 1980</td>
<td>21</td>
</tr>
<tr>
<td>(8)</td>
<td>8. Maintenance &amp; Spare Parts Management - II Batch</td>
<td>do-</td>
<td>12 to 14 June 1980</td>
<td>22</td>
</tr>
</tbody>
</table>

(contd...
<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. General Management</td>
<td>Kerala Financial Corporation Ltd.</td>
<td>21 April to 3 May 80</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>10. Orientation Programme for Newly Recruited Assistants</td>
<td>-do-</td>
<td>12 to 24 Jan. '81</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>11. Orientation Programme for Newly Recruited Assistants</td>
<td>-do-</td>
<td>1 to 10 April 81</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>12. Behavioural Science/ Human Relations</td>
<td>O/E/N India Ltd.</td>
<td>27 to 29 April 81</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>13. Behavioural Science/ Human Relations</td>
<td>-do-</td>
<td>14 to 16 Sept. 81</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>14. Behavioural Science/ Human Relations</td>
<td>-do-</td>
<td>29 to 31 March 82</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>16. Behavioural Science/ Human Relations</td>
<td>-do-</td>
<td>9 to 11 Aug. 82</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>
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 programmes from public sector enterprises and government organisations for various type of national schemes requiring the training of personnel in different types of activities. But the whole arrangement has resulted in the proliferation 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 allowances 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. Consistent with the world wide trend, the manifest contents

of the courses tend to liberalise the management system, recognize 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. In this context one is struck by certain unwelcome developments in Indian management education which are likely to negate its professed purpose; democratisation of the work place.

5.13.3 The exhorbitant cost of training as revealed from the Table 5.11 creates a number of compulsions. Smaller organizations find it difficult to participate in many of the programmes. In order to justify the exhorbitant fees, the courses have to be run in luxurious settings. It is necessary the argument, 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

---


<table>
<thead>
<tr>
<th>Institution</th>
<th>Nature and Number of Courses</th>
<th>Duration (in days)</th>
<th>Fees (in Rupees per person/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institution - I</td>
<td>Residential (25)</td>
<td>7.80</td>
<td>256.61</td>
</tr>
<tr>
<td>Hardware</td>
<td>Residential (11)</td>
<td>16.73</td>
<td>185.87</td>
</tr>
<tr>
<td>Institution - 2</td>
<td>Residential (11)</td>
<td>8.09</td>
<td>246.52</td>
</tr>
<tr>
<td>Hardware</td>
<td>Non-Residential (5)</td>
<td>7.40</td>
<td>145.95</td>
</tr>
<tr>
<td>Software</td>
<td>Residential (9)</td>
<td>7.55</td>
<td>279.04</td>
</tr>
<tr>
<td>Non-Residential (2)</td>
<td>4.00</td>
<td>250.00</td>
<td></td>
</tr>
<tr>
<td>Institution - 3</td>
<td>Residential (12)</td>
<td>7.58</td>
<td>281.87</td>
</tr>
<tr>
<td>Hardware</td>
<td>Residential (13)</td>
<td>7.38</td>
<td>266.15</td>
</tr>
<tr>
<td>Institution - 4</td>
<td>Residential (2)</td>
<td>5.50</td>
<td>259.09</td>
</tr>
<tr>
<td>Hardware</td>
<td>Residential (9)</td>
<td>6.11</td>
<td>270.91</td>
</tr>
<tr>
<td>Non-Residential (1)</td>
<td>5.00</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>All Institutions</td>
<td>Hardware (average) Residential (50)</td>
<td>7.24</td>
<td>261.02</td>
</tr>
<tr>
<td></td>
<td>Non-residential (5)</td>
<td>7.40</td>
<td>145.96</td>
</tr>
<tr>
<td>Software (average) Residential (42)</td>
<td>9.44</td>
<td>250.49</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-Residential (3)</td>
<td>4.50</td>
<td>175.00</td>
</tr>
</tbody>
</table>

old way. His frozen style, obsolete technology and misgivings and distrust of his fellow beings have to be defrosted and reshaped. . . . It is partly the money and partly our socio-cultural values which translate the concepts of 'safe' and 'supportive' into 'luxurious' 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 relevance. They hardly appreciate that in most of these areas,

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 origin. 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 problem of management development in developing countries is that they have to find new insights and new knowledge which feels essentially true to


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 development 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 management 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 efficiency. 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


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 management. 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...
his own destiny. 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-subordinate relationship, says Chattopadhyaya:

"... The Indian personality by and large is incapable of behaving in a mature, mutually dependent way. He fantasies omnipotence 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 achievement orientation among Indian managers, makes them feel helpless in shaping their environment and highly dependent on authority figures which may be the sethji in business or the cabinet secretary or the minister in the public sector".

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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82 Chattopadhyaya, G.P., "Omnipotence and Impotence: Two Faces of Immature Dependency", Indian Management (Vol: XIX, No. 11, 1980)
were emphasised by Chowdhry and Takesawa, two well-known management scholars from India and Japan respectively. All organizations exist in given environments, but there is interaction between organizations and their environment. Argyris express the same idea. "... all organizations 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 agent85. He interacts with his environment and tries to mould it in order to achieve certain desired results. How well he moulds the environmental constraints will have considerable bearing upon the firm's effectiveness. More specifically, management practices concerning planning, organising, staffing and

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controlling—as well as management effectiveness in handling 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.\textsuperscript{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 information 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.\textsuperscript{87} The flaws in communication processes make it very difficult to take rational optimal decisions. More specifically,


the participation of concerned managers in the decision making process becomes difficult. Administration becomes totally centralised.

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 friction. 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

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.

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. 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


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 conspicuous 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 governmental 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 government 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 is natural that in organisations where they are scientific mechanisms 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 government. 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 professional 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 developments 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 organisational 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 incorporation 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-invigorating 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 organization and national objectives. It should foster an entrepreneurial ethos of daring excellence.

6.14 Kerala can ill-afford to accept irrelevant fashions in management education and training. It cannot permit a laissez-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 traditional approaches to managing people, to regard them as problems, procedures and costs instead as a resource, opportunity and strength, still seems to pervade the public sector units. However, one can expect changes of great significance 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 environmental 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.
ANNEXURE - I

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 Corporation or Company:

5. a) Whether holding company or subsidiary or independent:

   b) If holding company, the number of subsidiaries 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:

<table>
<thead>
<tr>
<th>Areas</th>
<th>Plan Period</th>
<th>5 years &amp; beyond</th>
<th>3-5 years</th>
<th>2-3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Probe the policy making process and levels regarding investment, personnel, 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 forecast of:

a) Sales turnover:

b) Projects for expansion, and diversifications:

c) Employee turnover:

d) Retirements:

e) Deaths:

2) Do you follow personnel inventory budgeting? 

Yes  No

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 up-to-date personnel inventory and other personnel records? 

If Yes, please state the type of records and statistics that you keep in this regard.

4) Have you ever undertaken studies on manpower wastage/employee turnover?

5) a) Do you have a Dept/special cell for manpower analysis?

b) If 'No' is it undertaken by any other department?

(Please state the name of the department)
6. Do you conduct Exit interviews 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 specification etc. regarding Executive positions? Yes No

If 'Yes' please give details.

9. Who decides the number of Executives to be recruited 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 selection 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?  

<table>
<thead>
<tr>
<th>Technique</th>
<th>Always</th>
<th>Sometimes</th>
<th>Do not use at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisements</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Unsolicited applications</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Defence services</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Public Service Commission</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Management consultants</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Contacts with Universities/Institutions</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other Companies</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Any other (Please specify)</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
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

a) Traditional type of General Knowledge test  

b) Psychological test  

IX. Interview

Is it pre-planned in terms of exploring various aspects such as subject knowledge, general knowledge, attitude etc.?  

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?  

Do you have special procedure for promotion of such employee to the cadre of management?  

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?  

If 'Yes' which are these posts?
xi. Executive Training:

1. Do you have any formal training programme for executives?  Yes □  No □

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 Assistance □  f. Attendance at Conference and Technical meetings □
   g. Plant visit to other companies □  h. Exchange of personnel within or outside the concern □
   i. Training abroad □  j. Membership in professional, technical associations at Company expense □
   k. Special internal training course □  l. External training course:
       Short duration □
       Long duration □
   m. Academic courses □

3. Does your organisation have a training institute or Centre of its own?  Yes □  No □
   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 jobs during training period? Yes ☐ No ☐
If so, what kind? .................

7. Are Executives on Training required to submit detailed reports about their work or projects? Yes ☐ No ☐
If 'Yes', please give details about the type of reports required: ...........................

8. How do you appraise the Executives during training period? Yes ☐ No ☐
(Please give details: ............................
(If possible, please supply appraisal forms) .............................................

9. Is the appraisal report communicated to the Trainee? Yes ☐ No ☐
If 'Yes', do you discuss the same with him/her to chalk out a future plan of action? Yes ☐ No ☐

10. Do you have a recognised and established Executive Trainee Scheme? Yes ☐ No ☐

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 existing in your organisation? Yes ☐ No ☐
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?

<table>
<thead>
<tr>
<th>Completely satisfied</th>
<th>Satisfied</th>
<th>So So</th>
<th>Slightly dissatisfied</th>
<th>Thoroughly dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

2. Do you recommend any change?  
   Yes ☐  No ☐
   If 'Yes' please explain .................................................................

3. Have you made any changes in your selection procedure recently?  
   Yes ☐  No ☐
   If 'Yes' please explain .................................................................

4. Are you considering any change in the recruitment procedures  
   Yes ☐  No ☐
   If 'Yes' please explain .................................................................

5. Was the direct recruitment to executive posts created any discontentment among employees of your organisation?  
   Yes ☐  No ☐

6. Do you have a free hand in the selection of your Executives?  
   Yes ☐  No ☐

7. Do you attach importance for proportionate communal representations?  
   Yes ☐  No ☐
ANNEXURE - II

RECRUITMENT AND TRAINING OF EXECUTIVES IN PUBLIC SECTOR CONCERNS IN KERALA

(Questionnaire for survey among executives*)

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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 communication :
   c) Sex : Male ☐ Female ☐
   d) Age in completed years:

2. State of domicile for the last five years:
   Kerala ☐ Any other ☐ Specify:

3. Educational Qualifications:
   a) Undergraduate ☐
   b) Graduate ☐
   c) Post Graduate ☐
   d) Professional qualifications* ☐
      (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 appraisal 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 developing 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 executives 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 environment 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.

<table>
<thead>
<tr>
<th>Method</th>
<th>Rank (only first 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lecture</td>
<td></td>
</tr>
<tr>
<td>2. Case method</td>
<td></td>
</tr>
<tr>
<td>3. Incident method</td>
<td></td>
</tr>
<tr>
<td>4. Business Games</td>
<td></td>
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<tr>
<td>5. Practical training</td>
<td></td>
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<tr>
<td>6. Sensitivity training</td>
<td></td>
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<tr>
<td>7. Role playing</td>
<td></td>
</tr>
<tr>
<td>8. Seminars &amp; Syndicates</td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX - I

### Profile of the Organizations Surveyed

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Year of Establishment</th>
<th>Paid-up Capital Rs. As on '81-82</th>
<th>Number of Employees</th>
<th>Number of Managers</th>
<th>Others Total As on</th>
<th>As on</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Forest Industries (Trav.) Ltd.</td>
<td>1946</td>
<td>17.71</td>
<td>'81-82</td>
<td>2</td>
<td>145</td>
<td>147</td>
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<tr>
<td>2. Trivandrum Titanium Products Ltd.</td>
<td>1946</td>
<td>169.75</td>
<td>'81-82</td>
<td>168</td>
<td>1283</td>
<td>1451</td>
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<tr>
<td>4. Trivandrum Cochin Chemicals Ltd.</td>
<td>1951</td>
<td>659.75</td>
<td>'81-82</td>
<td>133</td>
<td>1129</td>
<td>1262</td>
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<tr>
<td>5. Fallathra Bricks &amp; Tiles Ltd.</td>
<td>1957</td>
<td>25.06</td>
<td>'80-81</td>
<td>1</td>
<td>130</td>
<td>131</td>
</tr>
<tr>
<td>6. Traco Cable Co. Ltd.</td>
<td>1960</td>
<td>129.92</td>
<td>'81-82</td>
<td>16</td>
<td>224</td>
<td>210</td>
</tr>
<tr>
<td>7. Kerala State Industrial Development Corporation Ltd.</td>
<td>1961</td>
<td>549.00</td>
<td>'81-82</td>
<td>17</td>
<td>40</td>
<td>57</td>
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<tr>
<td>9. Plantation Corporation of Kerala Ltd.</td>
<td>1962</td>
<td>540.10</td>
<td>'80-81</td>
<td>140</td>
<td>7040</td>
<td>7180</td>
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<tr>
<td>10. Kerala Soaps &amp; Oils Ltd</td>
<td>1963</td>
<td>149.97</td>
<td>'81-'82</td>
<td>52</td>
<td>703</td>
<td>755</td>
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<tr>
<td>11. Travancore Plywood Industries Ltd.</td>
<td>1963</td>
<td>48.59</td>
<td>'81-'82</td>
<td>14</td>
<td>660</td>
<td>674</td>
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<td>12. Kerala Ceramics Ltd.</td>
<td>1963</td>
<td>107.95</td>
<td>'81-'82</td>
<td>24</td>
<td>560</td>
<td>588</td>
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<tr>
<td>13. Trivandrum Spinning Mills Ltd.</td>
<td>1963</td>
<td>185.00</td>
<td>'81-'82</td>
<td>17</td>
<td>543</td>
<td>560</td>
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<td>15. Kerala Electrical &amp; Allied Engg. Co. Ltd.</td>
<td>1964</td>
<td>122.16</td>
<td>'81-'82</td>
<td>87</td>
<td>616</td>
<td>703</td>
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<td>16. Keltron Counters Ltd.</td>
<td>1964</td>
<td>117.27</td>
<td>'80-'81</td>
<td>38</td>
<td>276</td>
<td>314</td>
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<tr>
<td>17. Kerala Fisheries Corporation Limited.</td>
<td>1966</td>
<td>148.95</td>
<td>'80-'81</td>
<td>16</td>
<td>463</td>
<td>479</td>
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<td>18. Kerala State Handloom Development Corp. Ltd.</td>
<td>1968</td>
<td>84.92</td>
<td>'80-'81</td>
<td>18</td>
<td>149</td>
<td>167</td>
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<td>19. Kerala State Handicrafts Development Corp. Ltd.</td>
<td>1968</td>
<td>92.86</td>
<td>'80-'81</td>
<td>44</td>
<td>116</td>
<td>160</td>
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<td>20. Kerala Agro Industries Corporation Ltd.</td>
<td>1968</td>
<td>247.86</td>
<td>'80-'81</td>
<td>7</td>
<td>210</td>
<td>217</td>
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<tr>
<td>21. Chalakudy Refractories Limited.</td>
<td>1969</td>
<td>52.25</td>
<td>'81-'82</td>
<td>5</td>
<td>145</td>
<td>150</td>
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<td>22. Kerala State Cashew Development Corp. Ltd.</td>
<td>1969</td>
<td>154.00</td>
<td>'79-'80</td>
<td>7</td>
<td>33765</td>
<td>33772</td>
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<tr>
<td>23. Kerala State Financial Enterprises Ltd.</td>
<td>1969</td>
<td>28.00</td>
<td>'79-'80</td>
<td>73</td>
<td>630</td>
<td>703</td>
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<td>24. Kerala State Coir Corporation Ltd.</td>
<td>1969</td>
<td>58.00</td>
<td>'76-'77</td>
<td>1</td>
<td>135</td>
<td>136</td>
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<tr>
<td>25. Steel Complied Ltd.</td>
<td>1969</td>
<td>224.44</td>
<td>'81-82</td>
<td>34</td>
<td>501</td>
<td>535</td>
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<td>27. Kerala Urban Development Finance Corp. Ltd.</td>
<td>1970</td>
<td>19.16</td>
<td>'81-82</td>
<td>1</td>
<td>20</td>
<td>21</td>
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<td>28. Kerala State Bamboo Corporation Ltd.</td>
<td>1971</td>
<td>58.88</td>
<td>'81-82</td>
<td>3</td>
<td>160</td>
<td>163</td>
</tr>
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<td>29. Kerala State Drugs &amp; Pharmaceuticals Ltd.</td>
<td>1971</td>
<td>210.00</td>
<td>'80-81</td>
<td>64</td>
<td>291</td>
<td>355</td>
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<td>30. Kerala Minerals and Metals Ltd.</td>
<td>1972</td>
<td>2151.27</td>
<td>'81-82</td>
<td>107</td>
<td>412</td>
<td>519</td>
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<td>31. Kerala State Electronics Development Corporation Ltd.</td>
<td>1972</td>
<td>1256.61</td>
<td>'81-82</td>
<td>530</td>
<td>1618</td>
<td>2148</td>
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<td>32. The State Farming Corp. of Kerala Ltd.</td>
<td>1972</td>
<td>125.80</td>
<td>'81-82</td>
<td>4</td>
<td>91</td>
<td>95</td>
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<td>34. Kerala State Textile Corporation</td>
<td>1972</td>
<td>124.00</td>
<td>'80-81</td>
<td>5</td>
<td>8</td>
<td>13</td>
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<td>35. Kerala State Development Corporation for SC/ST. Ltd.</td>
<td>1972</td>
<td>128.91</td>
<td>'79-80</td>
<td>6</td>
<td>73</td>
<td>79</td>
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<td>37. Meat Products of India Ltd.</td>
<td>1973</td>
<td>24.60</td>
<td>'80-81</td>
<td>5</td>
<td>60</td>
<td>65</td>
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<td>38. Kerala Agro Machinery Corporation Ltd.</td>
<td>1973</td>
<td>117.00</td>
<td>'80-81</td>
<td>45</td>
<td>236</td>
<td>281</td>
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<td>39. Kerala State Electricity Board</td>
<td>1957</td>
<td>33405.00*</td>
<td>'79-80</td>
<td>2600</td>
<td>29752</td>
<td>32352</td>
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<td>40. Kerala State Road Transport Corporation</td>
<td>1965</td>
<td>8234.41</td>
<td>'78-79</td>
<td>246</td>
<td>29801</td>
<td>30047</td>
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<td>41. Kerala State Warehousing Corporation</td>
<td>1959</td>
<td>166.80</td>
<td>'80-81</td>
<td>27</td>
<td>438</td>
<td>465</td>
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<td>42. Kerala State Water Transport Corporation</td>
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</table>

*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 Resistors Ltd. "
7. Keltron Power Devices Ltd. "
8. Keltron Rectifiers Ltd. "

(ii) Kerala State Industrial Enterprises Group

10. Trivandrum Rubber Works Ltd. (Subsidiary)
11. The Kerala Ceramics Ltd. "
12. Kerala Soaps & Oils Ltd. "
13. Travancore Plywood Industries Ltd. "
15. Kerala State Drugs & Pharmaceuticals Ltd. "

(iii) Iron & Steel

17. Steel Complex Ltd. (Subsidiary)
18. Steel Industrials Kerala Ltd.
Chemicals
19. Travancore Titanium Products Ltd.
20. The Travancore Cochin Chemicals Ltd.
21. The Kerala Minerals & Metals Ltd.
22. Malabar Cements Ltd.

Textiles
23. Kerala State Textile Corporation Ltd. (Subsidiary)
24. Trivandrum Spinning Mills Ltd.
25. Kerala Garments Ltd. (Subsidiary)
26. Sitaram Textiles Ltd.

Electrical & Cables
27. The Metropolitan Engineering Company Ltd.
28. United Electrical Industries Ltd.
29. Traco Cable Company Ltd.

Engineering
30. Kerala Agro Machinery Corporation Ltd. (Subsidiary)
31. Scooters Kerala Ltd.
32. Astral Watches Ltd. (Subsidiary)
34. SIDECO Mohan Tools Ltd. (Subsidiary)

Ceramics & Refractories
35. Pallathra Bricks & Tiles Ltd.
36. The Kerala Premo Pipe Factory Ltd.
37. The Chalakudy Refractories Ltd.

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.
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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