CHAPTER - IV

THE CONCEPT AND IMPORTANCE OF ORGANIZATION STRUCTURE, MANPOWER PLANNING AND EXECUTIVE DEVELOPMENT
WHAT IS ORGANIZATION:

Almost any business manager will firm that sound organization is highly important to business success. Many will characterize organization as the foundation upon which the whole structure of management is built. Unfortunately there are many differences of option as to the precise nature of organization, as the other aspects of management and there is even less concurrence on what specific work must be accomplished in organizing.

Does organization consist of the design or mechanism within which people operate? or does it also include the finding, placing and developing of people within this structure? Does it encompass the formation of the goals toward which the organization will progress? or is it primarily concerned with procedural aspects which will guide everyday actions? Until we agree upon what work our concept of organization includes, we can hardly hold a manager accountable for establishing a sound and workable organization, nor can we train, develop or compensate manager for the work of organizing.

UNIVERSAL:

Organization is a mechanism or structure that enables living things to work effectively together. The evolution of all forms of life and of human society demonstrates the need for organization. In their primitive forms, living creatures have minimum need for integrated group effort. Simple, functional organizations are generally adequate. As life evolves, however, organization forms much be developed to facilitate the formation of increasingly complex group action of relationship.
DEFINITION OF ORGANIZATION:

We can define Organisation as the process of identifying and grouping the work to be performed, defining and delegation responsibility and authority, and establishing relationship for the purpose of enabling people to work most effectively together in accomplishing objectives.

This concept closely approaches that of many authorities and companies. Alvin Brown, defined analysis of organisation, states, "Organization defined the part which each member of an enterprise is expected to perform and the relations between such members, to the end that concluded endavour shall be most effective for the purpose of enterprise."¹ More and Reilay described organisation as, "the form of every human association for the attainment of a common purpose". The visualise it as the process of "relating specific duties or functions in a coordinated whole." In their emphasize the, "interrelation of duties as well as duties in themselves."²

In the organization manual, General Foods defines organizations as "the plan by which a group of people pools its efforts toward designated objectives through definition and division of activities, responsibilities and authority."

CHANGING CONCEPTS OF ORGANIZATION:

The concept that organization is a mechanism that enables people to work most effectively together brings into juxtaposition the old and new concepts, the mechanistic and the humanistic. The two are not irreconcilable. The conflict in ideas ensures because of failure to consider the evolutionary nature of group and hence, of modern business.

The dominant thinking in organization still tends to be that which prevailed during the formative years of the "scientific movement" in business, in

terms of "scientific efficiency" and not "human efficiency". The two often are not parallel. Three concepts mark the evolution in thinking about human behaviour.

THE PERSON TO-PERSON CONCEPT:

Industrial organization has evolved from the herd concept. However, because of obvious inadequacies, the industrial model has varied in emphasis. Instead of viewing the supervisor as the leader of six or twelve or twenty faceless automations, business organization tends to see each subordinate functioning in terms of a direct relationship with his superior. This relationship exists because of the direct and personal delegation of authority and responsibility from superior to subordinate.

THE "HERD" CONCEPT:

Much of early thinking underlying organization structure was based on the idea that people especially those who performed manual labour, were an undifferentiated rabble that could be coaxed or coerced toward a definite goal only through the use of strict and authoritarian measures, such as rules and regulation, with accompanying punishments. This concept perhaps terms from military organization, with its regulations and disciplines, which prescribe the details of daily activity ranging from the manner in which belts must be worn to the recognition due a superior in the form of the hand salute. The herd concept places exclusive power to decide with the leader an enforce unquestioning obedience in his subordinates.

THE GROUP CONCEPT:

The modern theory of organization tends to carry this process one step further. The person-to-person relationship of superior and subordinate is now seen to include the relationship of subordinate with subordinate as well as with the superior. This has led to a natural and evolutionary development in thinking

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about organization of groups. In some instances, these new findings on group interaction and its effect on motivation and productivity have been taken as evidence that the order concepts of organization are not only outmoded but ineffective and that the best recourse is to discard the old concepts and to start a fresh. The danger here, of course, is that the baby will thrown out with the bath water. The business enterprise has need of some elements of all three conceptual approaches to organization.

NATURE OF AN ORGANIZATION:

So far as the study pertaining to industrial problems. There is one of tow points of view. We may look at these problems as largely relating to the individual worker, his needs and goals, perceptions and aspirations. We may also view these as manifestations of organization functioning or malfunctioning. In the first case, we are individual centered, our point of view is psychological, in the second case, our point of view is organization. The individual is the figure in the first case and organization the ground in the second case, the organization is the figure and the individual members comprising it serve only to define it. Low productivity, high labour turnover, absenteeism, strikes, and similar other problems may be viewed at from either of these angles. A psychological orientation leads to enquiry into needs and goals of the members and the compatibility of these for the organizational interest. The organizational orientation leads to inquiries into tasks assigned to offices, communication systems, decision making processes, leadership behaviour etc. Obtaining in that organization.

As industry becomes more specialized, the problem of organization assumes greater importance. It has been suggested that organization building is ability perhaps the mot critical skill needed today for large-scale industrial development.  

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3 Harbison 1959, pp. 367
Certainly the money and efforts both devoted to selection and training of higher managerial personnel in U.S.A., Europe, and to some extent in India, supports this contention. Examine the following definitions of an organization. A top business executive defines an organization as "a system of consciously coordinated personal activities or forces". 

An economist uses the term organization as "as shorthand expression for the integrated aggregation of those persons who are primarily involved in managing risk and uncertainty-bearing, planning and innovation, coordination, administration and control and routine supervision of an enterprise".

A social scientist (Weiss 1956, p.5) describes an organization as "a social firm that achieves its goals through the coordinated effort of individuals in offices." A similar definition of organization is put forth by stogdill (1954, p.40); according to him an organization is "social group in which the members are differentiated as to their responsibilities for the task of achieving a common goal." 

In whatever way an organization may be defined, it possesses, irrespective of whether it is a business organization or industrial organization, army organization or religious organization educational organization or social organization, several common characteristics. There are:

1. An organizational goal.
2. A set of individuals in offices.
3. More or less clearly differentiated responsibilities for its members and
4. Structure or system of coordinative relationships.

It is the goal of the organization that may give it its name. The collectivity making up the organization tries to further the achievement of this goal. The

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4 Barnord 1950, p. 72  
5 Harbison Ibid. p. 365  
6 Weiss 1956, p. 5
organization goal is usually described in terms of the goods or services it provides; for example, the goal of an industrial organization is to produce goods (not profit, which serves as an incentive for capital investment). These goals may not be the goals of the individual members, but they are expected to identify themselves with it.

Each member occupies an office in the organization. Roles are prescribed to each office and members in the organization expect the office-bearer to behave in a certain way and to carry out certain responsibilities.

The organization allocates these responsibilities. It prescribes the tasks the office bearer is to carry out and these tasks serve the furtherance of the organizational goal. The office is also given a status, a position in the organizational hierarchy, a title and a salary scale. Other symbols of status are also allotted the office like the kind and size of the work desk, make of the inkstand, presence of a name-plate on the door etc.

Finally, the organization sets up a system of coordinative relationship which determines who is to work with whom, to whom one is responsible or accountable, and for whom one is responsible in the discharge of duties. This system of coordinative relationships changes slowly even though most of the members may have been changed once or more. This system is very often referred to as the organizational structure, and it makes possible the implementation and integration of the segmented and distributed total task among the staff.

We can sum up by saying that an organization is founded upon a "basis system of stable expectations regarding differential responsibilities, and relationship among the members". It is this differentiation of responsibilities and roles that makes possible the working of an organization, and also emphasizes the importance of coordination and leadership for goal achievement.

\[\text{\textsuperscript{7}}\text{Stogdill 1959, p. 40}\]
Responsibility in its broadest sense defines the member's duties, his working relationships with others as well as his authority and formal status in the organization.

SUMMARY:

All organization need structure, both horizontal and vertical, in order to differentiate and integrate the work to be done. Structure provides reporting relationships, formal channels of communication, determination of task responsibility, and delegation of decision-making authority. The environment of the organization has a major influence on structure, in general, the more differentiated and dynamic the environment, the more differentiation and decentralization are required in the organization's structure.

We are concerned with the whole issue of structure because effective structure is required for effective organizational operations. Structure should facilitate effective performance. Characteristics of effective structure include clear lines of authority and accountability, effective differentiation and integration and well developed and clear communication and information processing systems.  

MANAGERIAL MANPOWER PLANNING:

Although the success or failure of an organization or enterprises depends on or effective combination and utilization of so called four Ms, viz. Money, material machinery (equipment) and men, it is the management of men which is most important and a challenging job since it is a job of administering a social system. No enterprise or industry can be rendered efficient so long as the basic fact remain unrecognized that is principally human.

The manpower planning is the process including forecasting, developing and controlling by which an enterprise ensures this it has the right member of

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people and the right kind of people at the right places at the right time doing work for which they are economically not useful.

Traditionally, our supplies of industrial and commercial manpower were thought to be governed by the same complex forces that apparently determined our demand of this resource. More recently, however, governments and industrialists have realised the inefficiency of such forces in producing supplies of suitably qualified people, especially at the right time. Gradually, manpower planning has started to evolve. It is still very much in an embryonic stage but active research is being carried out. Some companies, with the aid of computers, are even using quite sophisticated techniques and some very high-brow mathematics.

Obviously, it is not our intention to expound any such techniques in this chapter. Mathematical models can be extremely useful when trying to plan manning requirements in large assembly-line production units. In such cases the sheer numbers involved, the typically rapid turnover of semi-skilled tasks required and the host of local labour market and national employment factors encountered probably warrant their use.

Even in the largest corporation, however, management manpower planning should not normally require this approach. Nevertheless, a step by step method based on a continuous review of one's forecasts and other data is required. It certainly is our intention, therefore, to discuss how to plan systematically the needs of the enterprise's most important resource, its managerial manpower.

COMPONENTS OF THE PLAN:

Any resource plan contains two essential elements, namely, forecasting the demand for the resource and assessing the means of supply. A complex arrangement of factors influence the supply and demand elements and the
The manpower plan must therefore be constantly developed to highlight where action is required to reconcile the two.

The most important overall consideration of the plan necessarily follows from realising that managers are the most important resource of the enterprise the need for managerial manpower and the objectives of the enterprise are completely interdependent. By analogy, a new product should not be developed without market research and without market research it is not possible to know what types of product the enterprise should produce.

**OBJECTIVES AND OPERATIONS:**

One of the fundamental objectives a manpower plan for a manager is its utility as a planning and control technique. A manpower plan, because it is systematically done, enables a manager to predict his manpower requirements and control the member of manpower deployed and so the starting point of the whole exercise must be to determine and realise the purpose of the enterprise. All other objectives within the enterprise necessarily stem from the purpose and contribute to its achievement. The predominant technology, the definition of functions and the organization of activity are therefore relevant both to the purpose of the enterprise and its need for managerial manpower.

The company objectives, and in turn is operations, are subject, however, to a range of internal and environmental influencing factors. Within the company, technological changes are often associated with or give rise to organizational and other operational changes. In turn, repercussions on the management recruitment and training needs are inevitable. Diversification into new fields and new markets may in the medium to long term, change the whole outlook of the company and its style of management. In other cases, the strength of personality and versatility of a particular senior manager may well determine

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9 PynDenis "The misuse of professional manpower", In Industrial Society (Penguin, 1968)
and preserve until his retirement, idiosyncrasies within the organisation that possible hinder its objectives.

Outside the company a whole array of forces prevail, including government intervention and legislation, the changing cultural demands of society and the rapid pace of technological change. The development of subsidiary companies in the European Economic Community countries will open new outlets and the burden of the Industry Relations Act 1971 will pose new problems. Somewhere along the line, however, the company must reconcile its purpose to these influences. Its objectives, including those for management manpower, must thus be developed within an enlightened environment.¹⁰

**MANAGERIAL MANPOWER DEMAND:**

The demand for managers can now be assessed in the light of known company objectives. The particular forces of change have to be isolated and some prediction made of their effect on management manpower.

**FORCES AFFECTING DEMAND:**

Perhaps the greatest influencing factor is the company's growth objectives for example, that there is need to double a product output in tow years, that a 'dead-cert' market for a slow home-selling product exists in New Zealand or that certain on longer profitable activities of the company need to be written off. Consideration of such objectives leads to two questions:

1. Does the company need more or less managers to achieve its desired objectives?

2. What sort of skills and knowledge will be required in the resultant management team?

The second most important factor concerns the company's internal organizational characteristics. Typically, especially with the assistance of
management consultants, large organisations tend to rotate every five years or so from centralised to decentralised structures and vice versa. While this is going on the status and role of a department may rise and fall or appear and disappear. Intermingled in this planned (or confused!) organisational change is the demand for more or less managers. Bearing all this in mind, however, it is extremely important that management manpower requirements should be carefully assessed to ensure that the organisation retains the right management balance to remain effective. Some of the questions that should be asked in this context are:

1. Are responsibilities effectively and sensibly divided and/or grouped?
2. Is there any unnecessary overlapping or responsibilities?
3. Are the lines of communication and authority clear and effective?
4. Do managers know and understand their own responsibilities and those of others with whom they are concerned?

Another influencing factor is the management tools and techniques the company uses—or does not use. The age of the computer is certainly not over yet and may well be with use for good. Operational research and cybernetics are known in many companies. Discounted cash flow and overhead value analysis are, however, becoming more common and widespread. The existence or otherwise of these sophisticated management practices should nevertheless help throw more light on both how many and what types of managers are needed.11

The age structure and turnover in the company's management hierarchy are in themselves, extremely important determinants of managerial manpower demand. Retiring executives often have to be replaced by internal promotion or by external recruitment. For various reasons, managers at all levels move on to work elsewhere and again they very often have to be replaced. It is certainly

10 Ibid.

11 Ibid.
easier to draw up retirement schedules than to predict wastage rates. Management succession plants should therefore try to cater for the expected and unexpected turnover in management manpower to indicate the quantity of managers required.

In summary, a company's demand for managers is influenced by a number of factors. The change in demand that these factors create has to be determined in order to ascertain the numbers and the types of managers required. Although the number and the type are in some ways interdependent, it is more difficult by far to assess the latter, especially where changes in knowledge and skills are concerned. It is misleading to assume that today's and tomorrow's managers are cast from the same mould.

Management development concerns itself especially with the types of manager the company requires. To ensure that the relevant facts are available it is imperative that the company should develop an administrative system that both describes the present and future managerial functions and indicates the personal attributes required in the managers, that occupy or will have to occupy those functions.

**JOB DESCRIPTIONS AND SPECIFICATIONS:**

Job descriptions are a useful tool in a number of different activities, including recruitment and selection evaluation, training and management development. Managerial jobs need to be described within the context of the company's objectives, technology and the organisation of its operating functions. If the company does not already have a method of describing the jobs that its existing managers occupy, it is certainly well advised to do so. A manual of job descriptions could then be quite easily drawn up and maintained to take account of future managerial requirements.

For the purpose of planning the company’s managerial manpower needs, and then its management development programme, job descriptions are instrumental in a number of ways. It is insufficient in a managerial job description to describe only the main duties and responsibilities, the status and relationships in the organisation and the authority for the use of resources. These factors indicate only the static requirements of a job and could bear little relation to the company’s objectives. A manager’s job description, therefore, should summarise his function in terms of his job objectives and the standards he is expected to reach. In this way, job descriptions can be instrumental in:

1. Providing objective criteria by which performance standards can be assessed and hence individual managers appraised.

2. Specifying in line with company objectives, the positions to be filled and functions to be performed in the organisation.

3. Identifying area of weakness in the organisation structure so that, through effective re-planning and management secession, these problems can be overcome.

4. Subsequently identifying area of strength and weakness individual managers and thus determining their potential and training needs.

Job specifications are a necessary tool in determining what skill, knowledge, experience and aptitudes are required in the incumbents of managerial posts. They are usually developed in line with the job description. During the job analysis stage the checklist of items to be looked for should include:

1. the educational standards deemed necessary, including professional qualifications.

2. The desirable age range, if it is felt to be an important factor.
3. The particular kinds of experience required, such as type of industry/company or involvement in line/staff functions.

4. The particular skills that are essential, such as fluency in a European language.

5. The necessary personal attributes, such as cultural interests or an ability to communicate at all levels in the management hierarchy.

Quite obviously, job specification must be absolutely realistic. The company must not lose its head in the clouds and try to stack its claim on, for example, a non-existent marketing genius. Moreover, the specification should steer clear of vague intangible characteristics. One thing it could possibly include, however, is an indication of the attributes that are definitely not required in the incumbent of the job. There is often a tendency of forget this vital point during the selection or promotion of managers, especially at the more senior levels.12

MANAGERIAL MANPOWER SUPPLY:

A company's source of present and future managerial manpower may be tapped from two lines of supply:

1. Its existing internal resources.
2. The external labour market.

Both the numbers and types of managers that are available must now be assessed. Liked the demand function, however, the supply of managers is subject to a number of internal and external forces of change. These will be examined briefly before discussing the two supply sources in more detailed.

FORCES AFFECTING SUPPLY:

The company objectives can influence its supply of managerial manpower, both internal and external in a number of ways. If the company
decides to set up a component-manufacturing factory in an area with government
development grant attractions, an array of problems could present themselves.
Could existing managers be adequately attracted to move to the new location?
Would the local supply of managerial manpower contain managers of the right
caliber and experience? These problems may be even further enhanced if the
company decides, for example, to operate overseas for the first time. On the other
hand, prior investigation may show that the supply of adequate managerial
manpower creates few problems.

Other in-company factors than can affect the supply function include the
attractiveness of rewards, employee benefits, security of employment and the
effectiveness of the company's management development programme. The last
item is an extremely important one as it can, in itself, be a major determinant in
the turnover of high-calibre managers. If a company continuously loses high
potential managers, it is a sure sign that there is either not being adequately
identified or that the company's whole management development scheme
(assuming it has one!) needs a complete overhaul. 13

Environmental influences are rather more subtle. Issues as near to home
as housing difficulties and travel problems created by the closure of a railway
line can seriously affect supply sources almost overnight. Supplies of prospective
junior managers in the retail and distribution industries have been adversely
influenced by the increased opportunities for young people to go to university. In
such cases. The industry has had to rethink its recruitment and training policies
with respect to school leaves. In may other industries, phases of high national
and international demand for certain types of specialists often create scarcities
and hence, high buying prices, for this type of managerial resource. On

12 Derek P. Torrington and Devid F. Sutton, p. 17.
13 Ibid.
reflection, the reverse usually applies when the demand, as in the computer software industry, starts to drop off.\textsuperscript{14}

Most companies, especially the large ones, are well advised systematically to consider these far-reaching environment influences on manpower supply. Local factors must of course, be analysed and solved in the most economical way. Departments of the local government, bodies like the local chamber of commerce and universities and colleges may provide advice and research to this end. On a national scale, industry-wide research is often available from academic institutions or consultants. Looking optimistically more to the future, however, one might be able to foresee more information on managerial manpower supply emanating from the new National Training Agency as well as the still-existing industry training boards.\textsuperscript{15}

INTERNAL SUPPLY:

As a starting point in assessing the company's existing supply of managers a management inventory should be established. This inventory should record all the pertinent information about the company's managers so that subsequent analysis may indicate trends in changes of supply.

Personal history or career sheets should be drawn up for all managers in the company. The majority of the information that should be contained in these should be available from the personnel department. It is essential, however, that the record be maintained and updated. This is a simple task, demanding a straight forward and systematic approach. This basic facts that need to be recorded are :\textsuperscript{16}

1. Age and retirement date
2. Education and qualifications
3. Experience prior to joining the company

\textsuperscript{14} Ibid.
\textsuperscript{15} Ibid.
4. Experience with the company, with allocation for the length of time spent in each designation.

5. Special training relevant to the professional or designations held.

6. Special skilled attributes interests or other accomplishments relevant of the profession or designations held.

This sort of information, logically recorded over a period of time, will enable the company to prepare age-structure and retirement schedules, turnover and wastage rates, and indications of the range of skills, knowledge and experience existing in its management structure. The analysis may be prepared according to grade of manager, department, specialization, and so on, as required. It should certainly provide an insight into the talents available in the company and may even indicate where information is lacking.

The management inventory could also be extended to contain information from the company's management review schemes. In this way, analyses of management appraisal ratings can be developed which will enable the effectiveness of the company's managerial manpower supply to be assessed.

Traditional management appraisal schemes tend to relate very much to a review of personality traits. An assessment on the basis of these factors is extremely susceptible to variations in rating standards and prejudice or bias. The results of such assessments are therefore highly subjective and open to a great deal of doubt. The more objective appraisal schemes, which are certainly more favoured in the enlightened sectors of industry and commerce, concern themselves with 'performance' and 'potential' based on the results achieved by the manager. Perhaps the most popular technique in use in this context is management by objectives.

Management by objectives is basically a particular approach to the running of an enterprise. As one of its concepts it embraces a method of
improving the effectiveness of managers by appraising their performance and developing their potential. Although assessment schemes based on management by objectives distinguish between performance and potential reviews, it is also recognized that the two factors complement each other in some ways. The fact that a manager performs well in one particular job is usually a good indication that he has potential for similar work at a higher level. In predicating a manager's potential for a different kind of work, however, the performance assessment for his current job is rarely a good indicator. Some research has been carried out in order to test the validity of a range of predictions (including performance, salary progression and personality tests) for identifying potential, but there is still a lot more to be done.\textsuperscript{17}

**EXTERNAL SUPPLY**

It is important for a company, in the light of its demand for managerial manpower, to assess also the external sources of supply. Moreover, the company should try to identify the threats to and opportunities in the valuable reservoir of managers existing outside its own organization's boundaries. Because their knowledge crosses company and industrial boundaries, management consultants who provide a recruitment service can be extremely useful in this sense. When it is found necessary to recruit from outside a senior manager of a particular type, it is often worthwhile to employ a recruitment consultant to 'head-hunt' the man you want.

Companies should, nevertheless, attempt to conduct some labour market research themselves. They can do this either, for example, by surveying the appropriate sections of industry themselves or by calling on information provided by the various local and national bodies described earlier. In this way the company can determine how it compares with its competitors in the labour

\textsuperscript{17} Ibid.
market and, indeed, if the quantity and quality of managers it seeks do in fact exist.

**RECONCILIATION : THE MANAGEMENT MANPOWER PLAN**

Having defined the demand and assessed the supply for its managerial manpower, the company must now attempt to reconcile the two functions and determine what policy and operating decision it is to take. The conclusions to be made at this stage are still somewhat tentative and will normally need some revision. Each aspect of the reconciliation must, however, be examined in some detail.

**Time Span :**

A company's corporate plans are normally geared to the most appropriate time scales predominant in its industry. In the petroleum refining industry, for example a time span of ten years is regarded as medium to long term. A long-term plan in the consumer durable field, however, is normally regarded as being between three and five years. In all, the time span of the company's forward business objectives will primarily determine how far a head the management manpower plan looks.

Some companies can forecast their supply and demand with fair accuracy over a period of two or three years. The possibility of changes in circumstances will, however, make longer-term forecast much more liable to error. In short-term forecasts, it is usually possible to name individuals who are to fill particular vacancies due to arise through retirement, expansion or other causes. For the longer term the same degree of precision will not be practicable. The aim should be therefore to try to ensure that enough managers of sufficient caliber are being developed to provide a foundation for the future, in so far as it can be envisaged. This may indeed sound very vague but it at least allows the company to prepare and plan its managerial manpower needs to some degree which is better than not at all.
As far as the development of individual managers from raw recruits is concerned, the time span is somewhat longer. It seems common experience in industry to take about fifteen years to develop a promising recruit into a senior manager or director. Quite obviously, therefore, management planning is a long-term investment anyway.

TALENT HOARDING

Effective planning to meet future needs calls for a company-wide perspective. Conflicts may arise between, for example, departmental and company objectives and between companies and personal ambitions. In all such cases every effort should be made to minimize the loss departments suffer when men with high potential are transferred elsewhere.

To help avoid possible talent hoarding by some departments, and the frustration, turnover and high recruitment costs it may incur, top management could stipulate that a key objective of every major department was to produce a number of high-potential managers. In larger companies the problem may also be alleviated by a two-tier succession plan:

1. Decentralized succession planning for junior management position
2. Centralized succession planning, with responsibility to the main board, for more senior positions, the 'high fliers' of greatest potential and the overall coordination of the plan.

INDIVIDUAL CAREER DEVELOPMENT

The individual manager's motivation and interest must be regarded as being of the utmost importance. It is undoubtedly better to try to reconcile the supply and demand functions with the aspirations of the ambitious and equally effective manager. Indeed, to ignore such factors could render the company's managerial manpower plans useless, especially in today's age of almost nonexistent company loyalty.
Reconciliation In Perspective:

To put the range of conclusions fully into perspective, it must of course be realized that perfect reconciliation of the supply and demand functions in the plan is impossible. Two alternative operating strategies therefore present themselves to the company for policy decision:

1. To have an over managed company, or
2. To have an undermanned company.

It must be remembered that the degree of management referred to above relates to the quality of managers utilized as well as to the quantity.

All other thing being equal, one would imagine that the first of the two alternative strategies would be preferred. This should imply that there would be an abundance of capable managers in the company who could take over senior jobs at very short notice. The danger, however, would be in holding on to those managers until they could replace others or, more optimistically, until they could expand the company and in doing so create jobs for themselves!

Realistically, however, the company should normally try to reconcile as closely as possible the supply and demand functions by revising them in the light of other known changes. This systematic revision, updated should be regularly maintained to keep abreast of changing company and environmental influences. In this way, the planning technique, if efficiently administered, becomes a closed-loop control system. Essentially, such a system aims to correct errors by feeding them back to the input functions, that is, the supply and demand forecasts of managerial manpower.

The regularity of updating information depends very much on the degree of accuracy required by the company. As a general role, however, reviews should be carried out at least every three months in most industries. In this way, changes in policy and operating decisions regarding managerial manpower needs can be made more reliably.
POLICY DECISIONS

Certain fundamental policy issues must necessarily be determined to enable personnel, training and line managers to take operational decisions on management development. These essential policy matters include:

1- Does the company offer high financial and other rewards for high performance and potential, but low security?—or does it offer high security and average rewards?

2- Will the company give promotion on merit regardless of, say, sex?

3- Is it to be general company policy to try to promote from inside or does it try to fill senior posts from outside?

4- What degree of autonomy should be given to divisions and departments for developing their own managerial manpower?

5- How closely should the company try to reconcile the supply and demand managerial manpower functions?

6- To what level and extent should the company develop job rotation schemes for managers?

7- What will be the company's policy regarding trade union membership at senior manager levels?

The list could, no doubt, be extended to include numerous other important issues relevant to particular industries. The same point will, however, apply to them all: the policies must be determined in the light of the company's objectives and made explicitly known to all members of management who have to operate them. Moreover, as policies are changed either as a result of revisions in the managerial manpower plan or for other reasons, the alterations must be both communicated to management and feed back into the plan.
OPERATIONAL DECISIONS

As the final stage in the planning exercise is reached, the reader may feel that this, quite typically, is where all the hard work is about to begin. Elsewhere in this handbook the array of specific tasks, like recruiting managers, paying their salaries and developing them to do their jobs, are described in great detail. I intend to linger briefly in this domain, however, just to emphasize a couple of points.

I must certainly agree with the reader who realize that to establish firmly the company's management development programme a lot more work still has to be done. Nevertheless, the importance of the planning stage cannot be over emphasized for two specific reasons:

1. The managerial manpower plan often throws light on weaknesses in the company structure that may never have otherwise been isolated and indicate new areas of exploration, especially in the management development field.

2. Through its systematic and objective department, the managerial manpower plan cover a lot of fundamental groundwork. This provides a framework on which the company's management development programme can be based.

Manpower planning, however, is a continuous process. The basic data required in the plan must therefore be kept up to date. Modifications should be noted and fed back into the system in order to maintain the required accuracy of the output data. In summary, the necessary components of a management manpower plan are:

1. To analyze the managerial manpower needs with respect to the purpose and aims of the company.

2. To predict the potential of the company's existing managers in order to achieve its future needs.
3. To assess the development requirements of the individual managers in order to utilise their potential.

4. To assess the turnover and wastage factors that must be applied to the company's managerial supply and to analyse those forces affecting wastage.

5. To determine the variance between the supply and demand functions in order to suggest recruitment and other corrective measures to reconcile the two functions.

6. To maintain a review of the necessary information system inherent in the plan to ensure that the company's managerial manpower needs are adequately sustained.

As in past, market forces will continue to prevail and exert their influences on the supplies and needs of the enterprise's human resources. In the future, however, we must ensure that we have adequate control of those forces. So that we might ultimately determine more precisely our needs of managerial manpower.

EXECUTIVE DEVELOPMENT POLICY:

Every senior manager worth the name will take an interest in the welfare and the development of the managers working for him but it is very magnanimous one who having coached, trained and developed one of his best young managers will then recommend that young manager for the next important vacancy that arises elsewhere. It is far more likely he will say and even believe that the young man is not yet ready for greater responsibility or that the prospects in his own department are so good that the man would do better to wait a bit longer until a vacancy occurs. Unfortunately the same thing may happen when the next promotion opportunity arises as well and eventually when the expected vacancy in the department does occur it is because the young man could wait no longer and has lifted the company.
On the other hand, it is not unknown for managers to put forward those people as candidates whom they feel that they can spare most easily. Managers of other departments soon realise what is happening and people recommended as candidates for posts as part of a management development process become regarded as debased coinage to be avoided at all costs. Appointments are then made from a limited range of candidates mainly from within departments from outside the company altogether. The unfairness of this practice is soon perceived by younger managers and any talk about management development opportunities is treated with cynicism.18

These examples illustrate the importance of the role that the board has to play in making any management development scheme work effectively. Managers must be regarded as a company resource and it must be made plain that the overall needs of the company in this respect must take precedence over departmental priorities. Further more, if the board insists that assessments of people are accurate and fair, and that all candidates for promotion come from the management development scheme, the mistrust of the scheme will evaporate. A senior manager will be a lot less unwilling to release one of his managers for promotion if he knows that the candidates offered as his replacements will also be of good quality and will in a reasonably short time becomes as good as the man who has been promoted.

A public statement of the board's policy on management development is an essential start of making management development effective. Managers and those working for them must know the ground rules. There have to be constraints on expediency so that individual managers can feel that the expectations they have for their own career development will be realised if they put in the necessary effort. By making the policy public and by ensuring it is carried out, it

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possible to establish the firm basis of trust and confidence that is essential for good management morale.

When drafting policy it is always useful to draw a distinction between policy and procedure: policy proves a set of principles and constraints that will ensure that any decision made are in line with the board's intentions, whereas procedures describe the recommended activities and methods that will have to be followed in order that the requirements of the policy will be met. It may be necessary to amend procedures as circumstances change but changes to policy should occur very seldom.

This distinction between policy and procedure is also administratively convenient in that any changes in policy will need the formal assent of the board, whereas changes in day to day procedures can be arrived out by the director or executive who is responsible to the board for the implementation of the policy.

The policy statement itself should be as simple and concise as possible. The main points it should cover are:

1. Objectives of management development and managers responsibilities.
2. Records and basic information needed.
3. An annual review of requirements based upon the company's corporate plans.
4. Assessments of people and of their needs.
5. Succession planning.
6. Training, development and counselling.
7. Appointments and the filling of vacancies.
8. Administration and monitoring.¹⁹

Each of these headings is discussed below:
OBJECTIVES:

The statement of objectives must make it clear that management development is seen by the board as an integral part of business or operational activities, and that all managers share the responsibility to ensure that:

1. The best use is made of the talents of people within the organisation to meet company goals.

2. Managers and key specialists are efficient and up to date in their present jobs.

3. Sufficient people will be developed to meet the company's future needs.

4. People will be supported and encouraged to develop in their own careers within the company.20

RECORDS:

It is only necessary for the policy statement to say that adequate written records and information will be kept so that management development decisions are based on accurate, up-to-date information.

ANNUAL REVIEW OF REQUIREMENT:

This part of the statement needs to show that forecasts of requirements for managers must be based upon the company's forward plans, that such forecasts must done systematically across the whole company and updated every year. Requirements should cover emergency replacements, appointments impending during the next two years and longer terms needs.

ASSESSMENTS OF PEOPLE AND THEIR NEEDS:

There needs to be a system for obtaining regular reports of managers performance, their potential for further development and advancement and of their own personal hopes and ambitions. For a company already using management by objectives, it is relatively easy to obtain such assessments as a

19 Ibid.

20 Ibid.
natural by product of the regular performance review that take place. It would, however, be unwise for any board to consider introducing management by objectives with the sole aim of improving the assessments made.

SUCCESSION PLANNING:

Succession plans stem from considerations of management requirements and of the assessments of people. It is essential that succession plans are made and reviewed annually.

TRAINING, DEVELOPMENT AND CONCELLING:

*Training and development needs stem from both personal assessments and succession plans.*

Training and development activities are too often omitted, delayed or even cancelled because of short term crises that are, often as not, due either to bad planning or failure to recognise their importance. The policy must make it clear that wherever training or other development activities such as planned experience are called for, such activities will be regarded as essential as any other business activity and must be properly planned for and carried out.

The importance of counselling and coaching by senior managers as a means of training and development is worth emphasis.

APPOINTMENTS AND THE FILLING OF VACANCIES:

An important policy issue is the one of promotion from within. It is essential, if management development is to work effectively, for a substantial part of all appointments to be made from within. This should not preclude recruitment from outside where there is a genuine need for it as in some specialist jobs where it would be difficult to provide the necessary training and experience in-company.

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20 Ibid.
It is also necessary to ensure that people chosen to fill posts will be released according to plan and that transfers between different divisions are encouraged.

ADMINISTRATION AND MONITORING:

The policy should nominate a member of the board or an executive reporting direct to the managing director as responsible for the overall administration of the management development procedures. The managing director must be actively concerned with the operating of management development and the role he plays should be made plain in the policy statement.

Every manager has a personal responsibility for the training and development of his subordinates: this should be made plain in the policy.

The policy should state that procedures to enable managers to implement the policy in a consistent way will be introduced and that the progress of management development activities will be reviewed by the board at regular intervals.

THE ROLE OF THE BOARD:

The role of the board has already been discussed to some extent in the preceding paragraphs. Its concern is that the company has sufficient management resources both in the short and long term, that those resources are being used to their best advantage and that the procedures used are fair and are seen to be fair by all the people affected by the procedures.

An in all other matters, the whole company will be influenced by the attitudes expressed by the board, so it is important that members of the board discuss the policy thoroughly and arrive at a statement of aim and principles to which all members feel able to subscribe. Once the policy is issued, the subject of management development must become a regular item on board meeting agendas. Individual board members, particularly those with executive
responsibilities should also ensure that they personally set a good example by following procedures and not cutting corners.

PROCEDURES TO IMPLEMENT POLICY:

It is important, particularly in large companies, that management development practices should be reasonably uniform. Unless this is so, it becomes difficult to transfer people in ways most beneficial to the company. Procedures are also a necessary aid to managers who will need some guidance and assistance on what to do.

The precise nature of procedures will depend upon the structure and the type of organisation. The following is a check list of items that need to be covered:

1. Organisation of the management development function.
2. Explanatory note on the annual cycle of procedures.
3. Organisation charts.
4. Personal records and management inventory.
5. Job descriptions.
7. Performance appraisals.
9. Forecasts of management manpower requirements based upon company planning processes.
10. Methods of notifying vacancies.
11. Succession planning.
12. Recruitment from outside.
13. Selection procedures and the making of appointments.
15. Identifying training needs and setting of learning objectives.
16. Management training both in-company and external.
17. Planned experience.
18. Inter company exchanges.
19. Organization development and team building.
20. Validation and evaluation of training
21. Management development and training budgets.
22. Management development committees.
23. Reviews of management development by the board.\(^{21}\)

It is highly unlikely that every item on this check-list will be used. If all were included, the procedures manual might be a daunting document. Test best system is to introduce the basis procedures known to be needed and to add to these as other needs arise.

In a company which has not previously had a formal management development scheme it will be necessary for managers to learn to operate the system properly. This will take time because all managers will need to receive some formal training followed by assistance and guidance on the job until they have become thoroughly familiar with the routines required. As the management development cycle is usually an annual one, it will take two to three years before the board is likely to be satisfied that the scheme is being properly implemented for this reason too, it is important to ensure that procedures are drafted with great care and then not altered for a considerable time. The temptation to change the system after a year or two because progress seems to be slow must be resisted unless there is clear evidence that it is the procedures and not the managers understanding of them that is at fault.\(^{22}\)

A good deal of the routine administrative work can be done by the management development staff but line managers have to decide and approve

\(^{22}\) Ibid.
their departments organisation charts, job descriptions, personnel specifications and forecasts of manpower requirements.

Management also have to develop the necessary interpersonal skill to be able to conduct appraisal interviews and counselling sessions with their subordinates. Occasions such as these are often quite difficult to conduct and can cause considerable difficulties and embarrassments for the inexperienced manager. Formal practical training using devices such as closed-circuit television is the only way to get over such problems. Planning for and creating the larger number of learning opportunities needed to help all managers to reach a reasonable level of competence will take a considerable time in a large company, even although the actual training time allowed per manager is quite brief.

An example of the content of a basic management development training course for managers is given below. This programme concentrates mainly upon the activities which the manager himself will have to control. It is divided into three sections each of which might be carried out as a short training session on its own.23

1. The management development process, Company policy, company procedures and how these relate to the company's corporate planning procedures. The steps by which procedures will be implemented and the annual timetable for updating them.

2. The actual preparation of organisation charts, job descriptions and personnel specifications and how they are used. How to make forecasts of future management manpower requirements and how these forecasts need to be incorporated in company plans.

3. The appraisal of management performance and of potential. Appraisal interviewing skills and the skills of coaching. The identification of training

23 Ibid.
and development needs and the setting of learning objectives. The planning and supervision of training carried out on the job within the managers own departments.

It will be seen that the complexity of the three units differs considerably. The first section would take no more than half a day to present, the second needs a day so that participants can actually do some practical work and the third session requires two or even three days as considerable amount of practical work is necessary.

SUPPORT STAFF:

It has already been recommended that the administration of management development be in the care of a director or an executive reporting to the managing director. Additional staff will be needed depending upon the size of the company. It is not possible to give an exact figure for the number of managers and potential managers that can be looked after by a single management development managers as it will depend upon the nature of the company and the procedures adopted. As a very crude guide however, it is perhaps possible to say that it will be very unlikely that one man will be able to provide an adequate service for more that 400 managers and that the figure is likely to be less during the introduction of management development scheme when there is a lot of training to be done.

The main duties of a management development manager will be to:

1. Assist line managers to implement those aspects of management development policy and procedures for which they are responsible, e.g. to issue appraisal forms, send out reminders about meeting planning dates and give direct advice and assistance where necessary.

2. Carry out the general administrative work laid down in the management development procedures such as to keep records, act as secretary to the
management development committees, compile reports, prepare forecasts or requirements and session plan proposals, undertake the administration of selection and appointment activities on all candidates being considered for any promotion or transfer.

3. Plan and carry out training and development programmes to meet the training needs of managers identified by the procedures.

4. Provide career guidance and advice to managers, it being usual that request to seek such advice be approved by the manager's superior.

   This sketch is deliberately brief. If a detailed job description is needed.

Job Title : Management Development Manager

Department : Personnel
Location : Specification

1. PHYSICAL ATTRIBUTES :

   No special physical requirement. Clear speech is important as he will have to address meetings and run training courses. A good appearance and manner of holding himself will be an advantage. Age: generally speaking, the post is better suited to an older man as it is unlikely that a younger person will have had to necessary breath of experience.

2. ACADEMIC BACKGROUND :

   The ideal candidate should have a broad academic background that will enable him to be at home with:

   a) The technology of his company, e.g. engineering, insurance, banking, etc.
   b) The management sciences.
   c) The behavioural sciences.
The level of his qualifications should be comparable with senior managers in the company; this might be a good first degree with postgraduate level qualifications in the management sciences and behavioural sciences.

3. EXPERIENCE:

An essential requirement is that the candidate should have had the management experience, e.g. has for at least five year been in a job as head of a department or team concerned with carrying out the normal types of activities of the company. He needs to have experienced and understood the problems of managers at first hand. It is also useful if the candidate has had some experience in a service function or in consultancy. In line management, the nature of the work and its pressures act as a pacing mechanism to keep managers on their toes. In consultancy and in management development work it is essential with other matters to be demanding his services. The job holder should have experience of planning and conducting training courses and of instructing on them.

4. KNOWLEDGE REQUIRED:

The job holder needs to have an understanding in depth of the management development processes discussed in this book. He also needs a thorough understanding of the nature of the business of the company and the work of each department. This can however, be acquired after his appointment. A thorough understanding of business planning and of management by objectives is needed together with a knowledge of budgeting and of cost control. The job holder also needs a knowledge in depth of training technology and the development of learning systems.

5. INTELLIGENCE:

The job holder should be of above average intelligence (this is almost certain to be if a graduate). He should be able to demonstrate good analytical skills, ability to think logically an to express himself clearly.

6. SPECIAL SKILLS:
No special aptitudes are essential.

7. WORK INTERESTS:

The job holder needs not only to have an interest in people and in helping people, but he must also be interested in business matters and in particular, those relating to the business of the company.

8. PERSONALITY:

The job holder needs to be self reliant, to be persuasive and acceptable to managers at all levels. As a good deal of his work will be concerned with persuading line managers to make time in heir already crowded schedules to deal with the seemingly less urgent subject of management development, a good deal of perseverance and of tolerance is called for.

9. FAMILY BACKGROUND:

The job holder must be prepared to get out and about to visit all arts of the company for which he is responsible. This may call for some travelling.

10. POTENTIAL:

The job holder described here is likely to have becomes a professional specialist in this field and although some management development managers may well return to line management, it is more likely that his career progression will be in the personnel or corporate planning fields. The best starting point is the procedures manual, not a generalised job description. Should the management development manager report to the personnel director. It is essential that he should not get involved in industrial relations work. In industrial relations work, the long term has usually to be ignored to deal with short term emergencies the management development manager has the job of keeping the long-term objectives in view.
It is worth, however, considering the type of person required to be an effective management manager in more detail. This is done by considering what the personnel specification for such a post might be.

THE ANNUAL TIME TABLE:

Management development is a long-term process and if properly managed the procedures called for should become routine and carried out with little fuss. It is, however, important to maintain its momentum by linking it to the annual business planning cycle. In particular, the costs of training and other management development activities need to be budgeted for and the management manpower forecasts and succession plans needs to be linked to the timetable for preparing the corporate plan. These activities have to be preceded by performance appraisals, reviews of potential and the specification of training requirements.

In planning the annual timetable, therefore, the starting point will be the appraisals, followed by succession planning, the planning of training requirements and then the annual contribution to both company budgets and company plans. The board will also need to set a firm date each year for its annual review of management development.

THE NATURE OF EXECUTIVE DEVELOPMENT:

In a report, recently commissioned by the National Economic Development Organisation carried out at The Institute of Manpower Studies at Sussex University, Dr. Timothy Legatt estimated the 1991 managerial population of the UK at 450000 increasing to 500000 by 1995. Management can thus be seen as major activity in modern society and one for which, until comparatively recently, little or no training was forthcoming. In the past the managed just
growed as a result of being placed in a management post by virtue of birth favour, marriage or the 'nature powers of leadership'.

Our present complex, technologically sophisticated society demands more than selection by choice and development by opportunity. Because we need more managers, more people without the obvious skills are being obliged to undertake the managerial role. The situation is heightened because we are also demanding many more skilled professionals: lawyers, doctors, scientists, entertainers, and these ranks must be filled from that body of the population which could have been expected to fill the managerial void. Certain sociological factors have worked together to help the situation: class barriers have largely disappeared enabling all levels of the population to aspire to managerial posts, education for all has removed another have/have not barrier, women are increasingly taking their place in our economic society. Nevertheless, the demand for managerial talent has resulted in a realisation that we have here a human activity which makes peculiar and particular demands upon those who undertake it as per the numbers needed—if these demands are to be met—are steadily increasing. The ratio of managers to workers is rising as technology advances and greater demands are made on each management post. As a result not only are more managers needed but the level of skill and knowledge required of the individual manager is also rising.

It is only within comparatively recent years that a critical examination has been made of the management job. In the United Kingdom, management was being studied at Manchester College of Science and Technology as early as 1922, the British Institute of Management was founded in 1947 and many technical and professional bodies included management as a subject in their examinations before the Second World War. The real impetus for management training and development has, however, only appeared since 1945 and most

24 Dr. Timothy Legatt. "The Institute of Management Studies Sussex University."
specifically since the Franks Report of 1963 and the foundation of the Business schools at London and Manchester in 1965. Now the flood gates are open; courses abound management schools are legion, reports appear with the seasons, experts pounce from every angle, a new wave of corporate planners appears with each batch of MBA's; but still many firms remain at worst unconvinced, at best puzzled. An understanding of the true nature of management which is in many cases only partially understood so that many people still cannot see the ordinary mortal as being capable of practising management.

If we are to examine management development we must carry out a needs-cost-fulfillment analysis by studying total manpower requirements, determining what is needed to fulfil these requirements, assessing personal needs, examining the learning process and the activities of learner and teacher and placing all of these concepts within the framework in which they must operate in the working situation. Within this working situation where management is in action, management development must also be in action and learners, trainers and managers much develop the expertise needed to produce the managerial team of the future by using the managerial arts and skills in a manner appropriate to the technology, the style and the market. These arts and skills-delegation, counselling, leadership, assessment of performance- all form part of the management learning process and also the management task.25

The practice of management is a way of life. It is one of the inherent characteristics of man; one of the arts practised from time immemorial. Like other arts, it is based on a body of knowledge; the more exact the knowledge, the more likely is the practice of the art to reach heights of achievement.

Management is a feature of every aspect of our society. Manufacturing industry, the service industries, local and central government, educational institutions, churches all need to be managed.

25 Ibid.
If we accept that there is a common (management) component in all these activities, this component should be capable to conceptual isolation, and a body of knowledge devised which can be taught and on the basis of which skills can be developed. It should also be possible to devise programmes of training which will provide the community with a body of trained managerial talent in the same way that it can be provided with trained teachers, chemists, engineers, economists and clergymen.

Management is a practical activity, based upon a wide range of academic disciplines each of which needs to be studied to a considerable depth. As a result the teaching of management has become a highly generalised activity in which a team is involved in relating a wide range of academic concepts to a strictly practical situation by means of highly developed analytical abilities, creative problem solving and skill in personal relationship.

The problems of a particular manager's programme of training are multiplied when we come to consider programmes of management development for an organisation. Such programmes must not only cater for the requirements of the individual manager-they must also encompass the activities of manager at all levels throughout the organisation and provide for management succession-anticipating growth, technical change and legislative changes and providing the managerial talent necessary to motivate and control the organisation in a changing growing environment.

A management development programme should have a fivefold objective:

1. To improve the job performance of the managers currently in post.
2. To provide adequate 'cover' in the event of unexpected short-term changes such as death, transfers, resignations or unanticipated new developments.
3. To raise the general level of management thinking and understanding in all branches and at all levels in the organisation.
4. To provide a supply of managerial talent which will meet the anticipated needs of the future development of the organisation in terms of commercial change, growth and increased technological and managerial expertise.

5. To extend the frontiers of knowledge in the understanding of the management function.

If the management development programme is to fulfil these five requirements it must call upon the entire range of resources of the organisation and of the national and international facilities available in this field. Commitment and understanding is demanded from top management, cooperation and skill in imparting knowledge and skill from senior and middle managers, and an eagerness to learn at all levels. In many cases the organisation will employ its own management development specialists. Close links will exist with local and national authorities—educationists, academics, consultants, management practitioners. Lecturer, seminars, books, films, case studies all abound and are available for use. The objective of the management development programme is to obtain the best fit in terms of effectiveness and economics not only for the organisation as a whole but also for each individual. It can be as wrong to produce a standard company mould which restricts the occasional vibrant personality as it would be to concentrate on training a few 'prima donnas' in the hope that they will leaven the whole lump in some mystical manner.

Education, training and personal development are all part of the pattern of management development leading to an organisation-wide atmosphere of learning in which everybody has a part to play. It is common on management courses for students to say that they have learnt more from other students than they have from the instructional staff. This is often said without employing any criticism of the instructional staff and is an indication that the staff have succeeded in a major objective—the creation of a learning situation in which the student can learn and develop by using all of the resources available to him. The
skill of the staff has been in providing the resources, bringing them to the attention of the students, imparting sufficient knowledge for learning to commerce and catalysing and guiding the learning process.

A successful management development programme will achieve all of these effects in the company situation by marshalling and presenting the necessary resources, creating learning situations and monitoring and evaluating the degree of effective learning as expressed in job performance.

In common with other management activities, management development can be seen as having two stages of activity:

1. Making decisions—a strategic activity from which a policy emerges the material upon which these decisions are based comprises the corporate planning of the organisation, the manpower, an understanding of the learning process, an assessment of strengths, weaknesses and needs (both corporate and individual), knowledge of the resources available and a clear understanding of the desired objectives.

2. Implementing these decisions a tactical activity involving making operational decisions, motivating and controlling staff, coordinating the activities of super ordinates, subordinates and colleagues—in short, achieving the results and objectives designated at the strategic stage.

An major decision must be that of deciding who is to take responsibility for the successful operation of the management programme. The responsibility must rest finally with the chief executive because of the organisation-wide nature of the exercise. Obviously this responsibility must be delegated but the delegatee must an executive who has the ability to represent the activity at board level. Responsibility for the continued development of existing managers and the creation of their future colleagues and their replacement must involve all of the management staff—not merely those in the management development department.
Each management post calls for an accurate matching of the job description, based upon the work which needs to be done, with the skills of the incumbent of the post. In order to fill a specific management job, a man or woman needs to cultivate a range of abilities, some of which will be in common with every other management post while other are peculiar to that one job. The basic function of the management development programme will be to isolate the present and future requirement of each job to compare these requirement with the managerial abilities available and to develop means whereby these two can be paralleled. Each management job calls for:

1. Background knowledge
2. Knowledge for application
3. Tolls subjects, such as statistics or mathematics
4. Management techniques, such as value analysis or critical path analysis
5. Management skills

Business schools, universities and colleges have tended to:

1. Identify the areas of accepted academic disciplines seen to be relevant to the management function (economics, psychology, sociology, statistics, mathematics, and so on).

2. Tack on to these subjects the quantification subjects seen as being directly related to the management activity (accounting, operational, research, applied statistics, computer sciences).

3. Offer a melange of subjects which purport to provide the embryo manager with the tools of his trade.

This approach is analogous to providing a journeyman joiner with saw, plane and adze and then turning him out to operate in a chair-making factory alongside a group of experienced workmen.
Because of the realisation that management ability can be proved only in the work situation, the teaching of academic disciplines has been supplemented by the development of a range of teaching techniques designed to relate the academic learning to the work situation and simulate the actual management task. By using exercises of this nature—case studies, role plays in tray exercises, business games and providing the situation with an analysis provided by the teacher or (more effectively) by the group itself, the teacher or management takes his student body close to the live situation and gives them the opportunity to practice as managers without the risks (to the profitability of the organisation and to the morale of the trainee manager) which attend the live situation.

Even simulation is not, however, seen as being a sufficiently close approach to the management situation and the attention of progressive teachers of management has been directed recently towards training managers while they are engaged in the real-life situation. In this way the management teacher achieve:

1. Complete integration of the working and the learning processes.
2. A heightened sense of learning because the learner is in a position to learn from his own action, with the help of tutors.
3. Involvement of the management teacher in the work situation, thus enabling him to relate the learning to the action more directly and enabling him to be seen as a realistic aid to improvement in the performance of the actual job.
4. Active participation between the academic trainer, the trainee and the trainee's own superior aided by any management development services which exist within the organisation.

The realisation that management ability can be proved only on the job brings a full appreciation of the nature of management development. Management development is an activity designed to improve the performance of
existing managers, provided a supply of managers for the future and extend the understanding of the management activity by drawing from three resources areas:

1. The knowledge, skills and teaching abilities manifested by the academic world and exercised through the academic tutor.

2. The experience, local expertise and resources provided by the organisation within which the trainee operates.

3. The trainee himself.

Without a true report between these three constituent element, each aware of its own contribution of the other partners, management development will be a two horse troika with the third horse not merely immobile in the shafts but also positively hindering the efforts of the other two.

PREPARING MANAGERS OF CHARACTER: ANCIENT INDIAN INSIGHTS:

*We must develop socially responsible Manager. This should be the "Dharma" or Corporate Philosophy.*

This paper is based on our concept of "Dharma" and makes an attempt to translate it into a plan of action for developing managers of tomorrow for our country. The training plan is based on developing a whole person—a socially responsible person. This asserts Vivekananda is essentially what manifests spontaneously as a by-products of man's inner growth of his spiritual growth—"From the freedom of individuality" to "freedom and social responsibility of personality". The first is "Vyakritva" and the second is "Viksit Vyakritva". Sir Julian Huxley describe the same as:

"Persons are individuals who transcend their organic individuality in conscious (social) participation" (introduction to the phenomenon of the man).

—Dr. Srivastava, A.K.—Reader in the Department of Commerce and Business Management, Punjab University, Chandigarh.
INDIAN NEEDS JUST NOT MANAGERS-BUT MANAGERS WITH CHARACTER:

India needs Managers who hanker after yoga

We believe that every manager ought to be a "doer". We also believe that without a person called "manager" resources of production will simply be resources and never end up in production.27

After independence, our managerial need have gone up considerably according to one estimate India today has a population of 100,00 to 140,00 managers in the manufacturing sector and if managerial personnel from other sectors are also added to it the figure would be around 500,000 to 600,000 approximately.

HOW WE TRAIN OUR MANAGERS: A CRITIQUE OF BUSINESS SCHOOLS:

Business school training over-emphasises "Artha" and "Kama" features of training. It lacks development orientation.

Managers are trained in different ways and perhaps a host of techniques are applied for this purpose. The training philosophy (wrongly termed as development) is centred around KASH formula:

Knowledge
Attitude
Skills
Habits

Practice, the knowledge and attitude part of training programmes gets restricted to its materialistic aspects and hardly lead to an intellectual development the emphasis on Human Resources Development gets diluted to a great extent.

TRAINING MODULE FOR MANAGERS:

Management Training reinforce materialistic values conformity and Machiavellism by calling obviously unethical practices as Pragmatism.

Let us examine a typical training module for Management Trainees. It is author's contention that training programmes.

"Reinforce Materialist Value".
"Hardly prepare the managers to face shop floor realities".
"Emphasis exclusiveness rather than identification with people".
"Enlarge the gulf between managers and the managed. Do not train managers to think that they are first among the equals". Instead they emphasis "How can they by like us!".

"Lack of intellectual contents".
"Hardly emphasis values and developing a wholesome personality, character or professionalism".

"Have very little of social sciences input".

Needs for a New Training and Development Plan which emphasises Excellence Identification commitment and Character

It is author's contention that the present training programmes are based on the Economic or Social man theory. This would not lead to development of his personality or character, as the course content do not emphasise it. It would be much better or treat man as a "Person" rather than as an "individual" only. Man as a person transcends his organic individuality in conscious (social) participation declares Sir Julian Huxley.

What happens when man becomes a "person"?

This is what Swami Ranganathan Nanndu has to say.

"When man as a person, as an enlightened citizen becomes an employee of public service institution... human values become manifest, and qualitatively enrich the work of those institutions... This is what transforms work into a
mission, into a National commitment and this is also what enhance dignity of worker, from merely being an employee, into an instrument of human purpose”.

This is the philosophy of work taught in the "Bhagvad Gita" and is echoed in the off-quoted sentence of George Bernard Shaw?

"This is the True joy in Life—to be used for a purpose which you consider mightily, to be a force of nature and not a clod of ailments and grievances, ever complaining that the world does not devote itself to making you happy."

Management development plants to day are far away from this goal. M.D.P's must be redesinged to make people happy. It can be done and the author of this paper has applied it successfully (to a reasonable extent) in ensuring quality, better interpersonal relations but more important than that developing a "Person" Manager.

**A TYPICAL TRAINING PROGRAMME OR MANAGEMENT TRAINEES:**

*Elements of typical programme concentrate on technical and not Human Resource Development*

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<th>Small and medium sized 2</th>
<th>Large Organisations 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration of programme</td>
<td>8 weeks to 30 weeks (2 months to 6 months)</td>
<td>Six months to 2 years</td>
</tr>
<tr>
<td>Place where course is conducted</td>
<td>Factory premises but in A.C. rooms usually</td>
<td>Usually a ways from the factory exquisitely furnished A/C room with huge circular table. The interior decoration is what may be termed as &quot;POSH&quot;.</td>
</tr>
<tr>
<td>Induction Training Residential Arrangement</td>
<td>Usually no induction Trainee make his own arrangement or in small hotel/guest house</td>
<td>Varies from 2 to 7 days or more. Usually 3 to 5 star hotel accommodation provide for programmes upto 2 months duration or in a Company's guest house of course with air conditioning</td>
</tr>
<tr>
<td>Financial</td>
<td>Salary alone</td>
<td>Salary + all expenses paid by their organisation</td>
</tr>
</tbody>
</table>
The primary function of management in HECL is the utilisation of human and material resources for maximising results. Some of the basic ingredients of management process in planning, control, co-ordination and organisation as it provides the framework in which all functions and activities are carried out. Organisation is both a system of consciously coordinated activities and rational instrument engineered to do a job.

The organisational structure of H.E.C. can also be divided into two parts (i) Organisational Structure at the Head-quarter level and (ii) Organisational structure at the plant level. The policy making authority for H.E.C. is the Board of Director.

The organisational chart of Headquarters of HECL given over leaf, it can be seen that the Headquarter comprises the offices of the Chairman-cum-Director, Chief of Security Division, Public Relation Officer and the Secretary of The Board of Director. The Divisional Heads report to the Chairman-cum-Managing Director.

CHAIRMAN-CUM-MANAGING DIRECTOR :

The Chairman-cum-Managing Director is the head of the Administrative Department. He is also head of the Board of Directors. The responsibility for efficient running of the Company lies on the Shoulders of the Chairman-cum-Managing Director. There is one post of Secretary at the Headquarters to assist the Chairman-cum-Managing Director in day-to-day administration.

CHIEF OF ADMINISTRATION AND PERSONNEL :

At the head of the Administration and Personal Division Headquarters is the Chief of Administration and Personnel. He is assisted by a Deputy General Manager (Administration), a Deputy General Manager (Personnel) and a Junior Executive (Personnel) dealing with Officer's establishment in the discharge of administration, Medical, Transport and Movement Departments also function
under the Chief of Administration and Personnel. He is responsible to the Chairman-cum-Managing Director. He recommends, co-operates, counsels and administers for the effective utilisation of resources of the different units of the Corporation. This department is primarily concerned with recruitment, industrial relations and welfare/employees benefits. The following are the important administrative and personnel functions carried out by this division at the headquarters:

i) To lay down personnel policies in the field of manpower management from recruitment to retirement.

ii) Decide upon the organisational structure of the plants, Divisions, under headquarters and creation of posts.

iii) Survey of manpower needs and review of manpower positions.

iv) Recruitment of personnel in the line with requirements and in accordance with the policies.

v) Career planning, training and development of Executives, Supervisors, and others to prepare them for higher responsibilities and posts requiring added skill and knowledge.

vi) Evaluation of employees performance and potential with a view to consider their suitability for higher posts and for counseling.

vii) Promotions, transfer and other establishment matters or executives in the corporations, those working in the Division under the Headquarters and non-technical personnel in the Corporation.

viii) Grievance procedure and collective bargaining, agreement with the Unions and the other industrial relation problems.

ix) Wage and salary administration.

x) Maintenance of Personnel records, reports and statistics to assist in reviewing personnel policies and performance.

xi) Administration of welfare and recreational measures.
xii) Ensure that the policy laid down are followed in the plants and Division and Co-ordinate in functioning of Administration and Personnel Division in the Plants.

xiii) Develop and maintain a proper two way communications.

The function also cover the coordination of activities of the Departments under the Chief of Administration and Personnel. Procurement of stationary, furniture, offices, equipment, receipts and despatch and the Annual Budget of the Departments under the Chief of Administration and Personnel.28

In the field of administration and personnel management next below the Chief of Administration and Personnel are two Deputy General Managers. One of them is the incharge of administration who is assisted by two Deputy Managers. Three Junior Managers and three Junior Executives in the discharge of administrative functions concerning training, Officers' establishments, industrial engineering, statistics, recruitments etc. The other Deputy General Manager is assisted by one Deputy Manager, four Junior Managers and one Junior Executive in the discharge of personnel functions concerning non-officers' establishment, industrial relation, personnel policy etc.

**CHIEF OF SECURITY DIVISION:**

The Chief of Security Division is the head of the Security Department of Corporation. He is of the rank of D.I.G. and is on deputation to the Company from the Ministry of the Government of India. He is incharge of over all security arrangements in the establishment. He is assisted by a Commandant at the Headquarters and five Assistant Commandants. Three of them are posted in the three plants to look after security arrangements and the rest two are the incharge of intelligence service and security arrangement of the Headquarters respectively. In addition, there is a post of Junior Inspectors and Security Guards. The

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28 Establishment Manual, Administration and Personal Division, HECL. Ranchi- 3.
Corporation has also a "Fire Fighting Department with Chief Fire Fighting Officer, and the staff well trained in the five fighting methods.

This Department also under the administrative control of the Security Division.

MEDICAL DEPARTMENT:

The Medical Department of H.E.C. is headed by Chief Medical Officer. The plant hospital was started in 1961, and had the capacity to take 250 in door patients. At present it as 300 beds, 5 health centres and one family planning centre. There are several doctors, lady doctors and health workers in the corporation and they are all under the Chief Medical Officer, he reports to the Chief of Administration and Personnel.

TRAINING DEPARTMENT:

As early as in 1960, the Directors of the Heavy Engineering Corporation, Ranchi, realised the necessity and the need for establishing a training institute at Ranchi. The nature of production of H.E.C. is such that highly skilled workers are required. It was also felt that the manpower requirement of the project cannot be met by persons from outside only, as the type of machinery and equipment installed in Heavy Engineering Corporation are not in existence in other parts in India. Hence the Central Training Institute was commissioned in 1963. This functions under the charge of Chief Superintendent of Training who reports to the Chief of Administration and Personnel.

FINANCE DIVISION:

In H.E.C., the Director of Finance is the Chief of the Finance Department. He is authorised to ensure adequate financial and accounting competence with the organisation. He has got control over the financial structure of the Company. He examines, directs and controls the accounts, balance-sheets, budgets and other allied matters in order to ensure over all economic efficiency. Stock verification and internal audits are also carried out by this department. For
controlling the affairs from Headquarters to the Plants levels, the Director Finance is assisted by Deputy General Manager, several Deputy Managers, Managers, Junior Managers and Junior Executives. The Deputy Manager Commerce is assisted by one Manager, two Assistance Managers, one Junior Manager and one Junior Executive. The Manager (Material) is incharge of stores and purchase. In performing his functions he is assisted by one Deputy Manager, six Junior Managers and one Junior Executive. Similarly, Audit and Finance and Account Sections are organised which is apparent from the organisational chart.

**MOVEMENT DEPARTMENT:**

This department is responsible for despatch of production materials, transportation including packing either rail or road. All vehicles are also under the charge of this department. This department functions under the Chief Administration and Personnel.

**PUBLIC RELATION DEPARTMENT:**

There is one Public Relation Officer, incharge of the Public Relation Division. He is assisted by the Junior Manager, one Junior Executive and one Assistant Public Relation Officer. This department is too small to merit consideration of its organisational set up. The Public Relation Chief is expected to have only journalistic experience as this qualification. This department looks after the preparation of the new release, organisation and conduct of press conference, publicity including radio talk, films, exhibitions etc.

**TOWN ADMINISTRATION DEPARTMENT:**

The H.E.C. has its own township of about 11000 houses of different categories divided in different sectors, the maintenance of which is the responsibility of Town Administration Department. It functions under the over all charge of the Chief of Administration and Personnel. In addition, there are nineteen schools which 8000 students in the township run by the management of Corporation and 12 schools accommodating 35000 children of the employees run
by the private organisations. All these including health, sanitation facilities etc., in the township are under the charge of Town Administration which is run by several officers and staff.

**ORGANISATIONAL STRUCTURE OF PLANTS:**

As we know H.E.C. is a unique three in one complex, after discussing the organisational structure at the Headquarters, it would be worthwhile to explain the organisational structure of the three plants at unit level. A look on the organisational chart of three plants will make it clear that the organisational structure is suitably decentralised in the plant from the top to the shop level and downward.

**HEAVY MACHINE BUILDING PLANT:**

The present organisational structure of H.M.B.P. is explained through the help of an organisational chart given overleaf. It can be seen that the General Manager is the Chief Executive of the Plant. He is overall incharge of administration including technical and personnel. In day-to-day work, he is assisted by several heads of departments. He is responsible to the Chairman-cum-Managing Director. The Deputy General Manager, Production Control with the help of three Deputy Managers, one Assistance Manager, ten Junior Managers and eleven Junior Executives, performs the work Controlling Production. He reports to the General Manager.

The Deputy Manager, Materials in the incharge of purchase stores, trade assistance and ancillary. He is assisted in his work by four Deputy Managers, nine Assistance Managers, fifteen Junior Managers, and twenty six Junior Executives. He is responsible to the General Manager.

There is one Manager, incharge of inspection and central plant laboratory reporting to the General, Manager. He looks after the affairs with the help of one Deputy Manager, Inspections, one Assistance Manager, Central Plant
Laboratory, one Assistant Manager for inspection, five Junior Managers and sixteen Junior Executives.

One Assistant Manager, responsible to the General Manager, is the incharge of Industrial Engineering Department five Assistance Managers, six Junior Managers and four Junior Executives are for his help at present.

The Deputy General Manager, Production has a more responsible job. He looks after production in the plan. All shops are under his control in respect of production. He is assisted by Manager, Maintenance Manager, Deputy Managers and Assistant Managers who are the incharge of the shops. In addition there are several Assistant Managers, Junior Managers and Junior Executives who help the Deputy Managers. Shop maintenance, civil maintenance, transport and movement are also under the control of Deputy General Manager, Production. He reports to the General Manager.

The Manager, Personnel, deals with labour problems, industrial relations and welfare, training safety, canteen, medical facilities etc., in the Plant. For his assistance there is one Deputy Manager, one Assistant Manager, two Junior Executives, one Medical Officer and three Junior Managers. He reports to the General Manager.

There is one post of Deputy General Manager, Design and Engineering. The Deputy General Manager, Design and Engineering has the primary responsibility of controlling and administering the Design Department of the Plant including Design Institute, Engineering and wielding. Several Managers, Deputy Manager, Assistant Managers Junior Managers and Junior executives work under him. He reports to the General Manager.

The Manager, Finance with two Assistant Managers, Six Junior Managers and thirteen Junior Executives look after the finance, accounts, and budgetary
matters of the Plant. He is also aided by an internal audit group for auditing the accounts of the Plant, preparing balance-sheets etc.

The Senior Deputy General Manager, Commercial, assisted by several Managers, Assistant Managers, Deputy Managers, Junior Managers, and Junior Executives, holds the charge of Commercial operations of the Plant. Commercial Department of the Plant handles export, turn key projects undertaken by the Corporation, and other projects. He is accountable to the General Manager for his work.

Apart from these Officers directly responsible to the General Manager for their work in respective departments, Vigilance Officer and Assistant Commandant are also under the direct control of General Manager of the Plant. Assistant Commandant of the Central Security Force along with several Manager of the Plant, Assistant Commandant of the Central Security Force along with several Inspectors, supervisory and controlling staff, and security force jawans shoulders the responsibility of protecting the installation and property of the establishment.

**FOUNDRY FORGE PLANT:**

The organisational structure of F.F.P. runs of the similar line like that of the H.M.B.P. Here at present, Director, Operation is the Chief Executive of the Plant, who is assisted in his day-to-day work by Deputy General Manager, Production, Deputy General Manager, Commercial, Manager Personal, Manager Finance, Deputy General Manager (P & S) and Deputy General Manager, Production Planning and Control. All the Departmental Heads are assisted in their work by several Managers, Deputy Managers, Assistant Managers, Junior Managers, and Junior Executives. The detailed Organisational Structure has been depicted in a Chart 3.3 given over leaf.

In H.M.T.P., the Chief Executive of the Plant, at present, is Deputy General Manager who is functioning as General Manager. He is assisted in his
work by Manager Finance, Deputy Manager, Design. Deputy Manager Inspection, Deputy General Manager, Technical. Manager, Production. Deputy Manager Personnel, Deputy Manager, Commercial and Assistant Manager, Servicing. Under these Executive Officers, there are several officers of different ranks who extend their help in discharging their functions. The Organisational Chart are given after end of this chapter clearly demonstrates the organisational set-up of the Plant. It is apparent that the organisational structure of H.M.T.P. is similar like that of H.M.B.P. As compared to H.M.B.P. and F.F.P., it is a small Plant, hence it has been manned by a few executive officers.

In all the three Plants the Personnel Department which is a major department has the following important functions:

(i) Promotion of technical workmen from one grade to another and from workers to chargemen and equivalent posts, transfer, disciplinary cases and other similar establishment matters.

(ii) Assessment of performance of employees and maintenance of confidential reports where applicable.

(iii) Redressed of grievances.

(iv) Implementation of provisions of labour legislation's.

(v) Training of personnel on need basis as may be decided from time to time by the Management.

(vi) Welfare measures-Staff Benefit Fund, Family Relief Fund and running of the Creche.

(vii) Recreational Activities-inter shop and inter plant tournaments, annual sports, cultural activities, organizing clubs, etc.

(viii) Assistance to line managers in the discharge of personnel functions in the shops and departments.

(ix) Safety and first aid.29

Administration and personnel Departments in the Plants also look after general administration, matters like allotment of space in the administrative

29 Ibid.
buildings, upkeep of the buildings, procurement of stationery, furniture, office equipments and their maintenance, procreation and supply of liveries and uniforms, receipt and dispatch and public relation.

Below the level of executives in each plant there are supervisors, technical and non-technical workmen and staff and unskilled staff in large number, nearly ten thousand. They all are the limbs of the body of corporation.

The executives and other employees of the corporation, all make one whole and this sense of oneness and belonging to the enterprise is the secret of success of the enterprise in realising the goals for which it was set up.

For co-ordinator, particularly in respect of policy and common matters of the projects a Committee of Management has been functioning in the Corporation, under the chairman-ship of the Chairman-cum-Managing Director. The other members of the committee are all the three Project Heads, Director Finance, Secretary, Chief of Administration and Personnel etc. The meeting of the Committee of Management is held normally once in a fortnight. It has been found that mostly the subject matter of discussion relates to non-technical nature particularly personnel problems of the Plants. It is submitted at in the deliberation of such meetings the production plan, evaluation of the progress, performance and such allied matters should be given top priority. The desirability of such committee of a functional type has also been felt by the Administrative Reforms Commission.

Test rank is senior Deputy General Manager. Following is the list of officers in ascending order. In the organisational charts, (given after this chapter for F.F.P.; H.M.B.P. & H.M.T.P. reference has been made of several designations of officers. In order to have clear picture, explanation of their ranks

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appears to be essential. The lowest rank in the officers in the Corporation, is
Junior Executives and the higher :

(i) Junior Executive.
(ii) Junior Manager,
(iii) Assistant Manager,
(iv) Deputy Manager
(v) Manager,
(vi) Deputy General Manager
(vii) Senior Deputy General Manager.

It has been found that suitable charges are made by the top management from time to time in organisational structure in view of the experience gained economy in expenditure and efficiency in work. Formerly the general administration and personnel management were separate but recently these two have been integrated. Though it has brought some economy in expenditure, it has given birth to several problems. As a result of this integration and defective promotion policy it has been witnessed that some engineers are looking after the personnel affairs without any experience and technical qualifications of handling such delicate issues. Similarly, it was found that some clerks and stenos are manning the executive posts of personnel department.

Such things are not going to help the efficient running of the undertaking and these should be availed. The promotion should always be in the same line of experience.

The organisational structure of H.E.C. presents a picture of intermixture of both the line organisation and staff organisation. The administration is decentralised from the Headquarters level to that of the level even below to the shop.
Manpower Planning in Heavy Engineering Corporation Ltd:
The Function of Industrial Management

The primary function of management is to achieve a desired level of production by a perfect blending of human and physical resources. It has to make two blocks of grass grow where only one would grow. Human resources, although less tangible, are not less critical for growth than physical resources. Manpower is no longer looked upon as a commodity to be bought and sold to subserve the needs of the industry. Now-a-days management is the development of people and not the direction of things. "The commodity approach to labour is outdated and today it stands rejected. With the increase in the size of business and the growth of consciousness, men have become the most vital factor in business and gone are the days when management was proud with the feeling that labour is subservient to machine."31

Machinery is useless without human beings to handle and run it. Machine is lifeless: It is the man who puts life into it. Thus, it is the development and effective use of this human factor in production process which is the outlook of personnel management.

Personnel management as an integral part of general management aims at establishing a sound personnel relationship, and at ensuring effective utility of manpower at all levels. Personnel management is to ensure, "such conditions of employment as would enable all persons in the enterprise to contribute most effectively to its purposes and to maximise the output and productivity of the enterprise." Personnel management, according to the Bombay Textile Enquire Committee, is a method of controlling the human factor in the industry intelligently and equitably.32

32 Ibid. p. 475.
Toad Metcalf and Metapt consider it to be planning, supervision, direction and co-ordination of the activities of an organization with a minimum of human efforts and frictions with an animating spirit of co-operation and with proper regards for the well-being of the members of the organization.\textsuperscript{33}

Thus, personnel management is basically a part of general management, which is concerned with the organization of labour force for maximising output by creating a condition most suitable to achieve this objective. Making the best use of the work-force, giving it recognition that it deserves in an organisation is the main thing. Roathlisberger says in this context that the job of a manager is neither managing men nor work but to administer a social system.\textsuperscript{34}

Personnel management is of comparatively recent growth. It is the child of scientific management and the awakened sense of social responsibility. The objective of personnel management is to maintain the relationships on a basis which, by consideration the well-being of the individual, enables all these engaged in an undertaking to make their maximum personal contribution to the effective working of that undertaking.\textsuperscript{35}

There are three main objectives of personnel management:

(i) To maintain good relationship within an organisation;

(ii) To enable each person to make his maximum personal contribution to the organisation:

(iii) To achieve these things through respect for human personality and well-being of the individual.

Industrial management today is not concerned only with profit-earning by the employees, employment to people and production of goods; it is concerned

\textsuperscript{33} Ibid. p. 475.
\textsuperscript{34} Sen Gupta. R.M. Personnel Management in India, Asia Publishing House, Mumbai, 1962, p.29.
\textsuperscript{35} Ibid. p.31
also with the satisfaction of the work-force. The work-force is reasonably satisfied if three things are made available to it: (I) the economic satisfaction of a reasonable livelihood, (ii) the social satisfaction of working together as a group, and (iii) the individual satisfaction of doing a job well. Industrial management is no less concerned with bringing satisfaction to the work-force than with bringing profit to the employer and making available good commodities to the consumer.

(MANPOWER PLANNING IS PUBLIC SECTOR UNDERTAKING)
PERSONNEL MANAGEMENT IN PUBLIC SECTOR UNDERTAKINGS IN INDIA:

In India the public sector has grown into a leading and commanding sector of the economy, and this has lent a wider significance and meaning to personnel management in the public sector undertakings. It has brought new hopes to the labour force for the improvement of its lot and regarding the availability of new opportunities to contribution the growth of the economy. It is expected that the public sector enterprises will conduct themselves in labour matters as model employee. Public sector undertakings must show keen interest in the welfare of the workers. "The personnel policy of public undertakings should be such as would develop the skills and capabilities of the workers and workers and improve their prospects and standard of living."

In a developing economy labour is a factor of production available in abundance. Its growth and the growth of the economy depends upon the proper utilisation of available labour force. Labour force is directly faced with the problems and consequences of the development of the country's economy. Thus, the rate of growth is determined by the extent to which its problems are solved successfully. In any scheme of economic development, personnel policy must have a board objective.

Labour in a developing country like India constitutes the poorer and the exploited section of society. India is committed to socialism not exactly in the

Marxian sense but in a limited sense to a society built on the socialistic pattern. Ideologically, this implies creation of a situation of mutual co-operation between labour and management for maximising production of goods and services in the economy.  

Industrial democracy as a pre-requisite to the establishment of socialistic society.

In a socialistic society, planning should not only adopt which provides justice to both the investor and the workers; it should be also more favourable to the latter than to the former.

In a developing economy, the process of industrialisation leads to the transfer of the labour force from the agricultural sector to the industrial sector. This may happen also when, following Nurkse's ideas, the surplus labour force of the agricultural sector is mobilised for capital formation in the industrial sector.  

These factors lead not only to geographical mobility of labour but also to occupational mobility of labour, and this leads to the problem of psychological and social adjustment and adaptability. More over, the importance of a suitable labour policy under conditions in which labour rather than capital is the chief factor of accumulation is more significant.  

The human factor is perhaps the most important non-business factor which greatly influences industrial relations and business operation. Men is the most dynamic factor of production and his behaviour is unpredictable. Again, men differ in outlook after management in an undertaking very difficult. They

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38 The Planning Commission, Second Five Year Plan, Publications Division, Govt. of India, New Delhi, 1956, p. 572.
have to study men, their aspirations, outlook, temperament, environment and their aptitudes.

The need for a large number of specialists is felt in the course of expansion of the public sector. But trained men are scarce, and this generally operates as a serve constraint in the efficient working of public enterprises. In order to meet the requirement of skilled and trained personnel, public enterprises have either to arrange for the training of the required personnel by creating their own training facility at their own expense, or depend upon training abroad or in other enterprises. In order to be able to meet the manpower requirement of an enterprise, the management has to assess its needs properly and also to create proper facilities for the training of the manpower. In a country devoted to socialism, there should be a central planning body to assess the need in different enterprises, and to arrange to meet the need by proper planning.

Some of the important aspects of industrial activities covered by personnel management are the organisation, control and co-ordination of personnel to achieve the optimum results. It is the duty of the management to tackle the labour force in such a way as to ensure its full participation in the working of the enterprise. The maintenance of industrial peace is no less vital factor for ensuring high productivity in an enterprise. Industrial peace can be ensured only when the management, the society and the State work in co-ordination for the same.

In India the labour laws are enforced by the Central Government and the State Governments without making any distinction between the private sector enterprises and the public sector enterprises. The labour policy operation in India since Independence recognises the State as the custodian of the interests of resort to direct action for the settlement of their disputes and fulfilment of their demands. This encourages the birth of large number of trade unions which, in
course of time, take decisions which serve their leaders rather than the workers who are its members.

One of the aims of the Public sector in India is to work as a model employer. The labour-management relation has been conceived "as a partnership in a constructive endeavour", and not as one between the employer and the employee. The First Five Year Plan proposed four things in this direction:

(i) The public sector should set the pace the serve as model in respect of wages, working conditions and welfare amenities;

(ii) The Board of Directors of Public sector undertakings should consist of persons possessed of a sympathetic appreciation of labour problems;

(iii) The benefits of all labour laws applicable to the private sector undertakings should be made available to workers of the public sector undertaking; and

(iv) There should be no progressive participation of labour in running of the many matters of undertakings so that the workers feel that in practice as well as in theory they are partners in the undertaking.\textsuperscript{41}

The personnel policy in the subsequent Five Year Plans does not show any fundamental change except its emphasis on some points. The Second Plan stressed the need for increased association of labour with management, code of discipline, model grievance procedure and code of conduct. The Third Plan envisaged the progressive extension of the scheme of worker's participation in management.

The Fourth Plan gave priority to the growth of a healthy trade union movement, collective bargaining and raising of productivity through labour management co-operation. The Fifth Plan again emphasised improvement of labour-management relations and also removal of inadequacies in management because these factors are responsible for delay and inefficiency in achieving the targets of production. The Sixth Plan continued the emphasis on the accordingly of relationship between management and labour as a vital factor in the proper
utilisation of resources in the public sector, and highlighted the earlier emphasis on the role of labour as a partner in production. The Seventh Plan (1985-90), the draft of which was approved by the National Development Council on 13 July 1984, stresses that industrial targets can be achieved by the modernisation of industry, better utilisation of assets and the promotion of efficiency. One remarkable feature of the Seventh Plan is that it will have a national employment programme. It will cover landless labour, seasonally unemployed labour, educated unemployed and women by bringing together and integrating the various no-going employment programmes. The public sector undertakings are, naturally, expected to contribute in the fulfilment of the programme by the maximum possible utilisation of their resources. As Prime Minister Indira Gandhi said in her address to National Development Council on 11 July, 1984, "The determination to make employment the main focus, our efforts will have to be matched by corresponding discipline to accept the logic of the Plan.

During the eighth five year plan emphasis were give to computerisation minimising the over staffing and maximum utilisation of resources for high qualitative production.

The performance of the majority of the public sector undertakings has been disappointing. Strikes, dharnas, gheraos, which are occasionally make with violence are regular features of the undertakings. The number of man-days lost due to industrial unrest in the public sector undertakings rose from 2.5 million in 1985 to 7 million in 1990. The ratio of man days lost per worker increased from 0.30 to 0.61 during the same period. From the analysis of the comparative picture of unrest prevailing in the public sector and the private sector undertakings during the period 1960-70, it has been found that considering 1960 as the base year, the index number of man days lost per thousand workers employed increased to 382.2 in the public sector and 345.7 in the private sector. Somehow

41 Planning Commission First Five Year Plan, Govt. of India, New Delhi, 1952, p. 573-18
during 1960's the public sector has been a greater victim of unrest than the private sector though the position should have been the reverse. The picture becomes more discouraging if it is noted that the basic coverage of private sector is wider than that of the public sector.

But the industrial relations scene during the 1985 shows a slightly different picture. In some of the years the private industrial unrest. It may be mentioned here, by way of example, that in 1988 the total number of disputes in the private sector was 2240 as against 947 in the public sector. The number of workers involved was, however, almost the same in both the sector, with 990 thousand for the private sector and 926 thousand for the public sector. In the private sector number of man days lost stood at 23992000 in comparison to 4348000 in the public sector. In terms of days lost, the impact of unrest on the private sector was much more severe (more than five times) than on the public sector. The losses of the private sector, in wages lost stood at 1921 crores (estimated for 1585 disputes) and the value of production at 237.30 crores, was large indeed. For the public sector the loss was Rs. 5.69 crores in wages (for 784 disputes) and Rs. 48.02 crores in production (for 707 disputes).42

The change in the picture on the industrial relations scene resulted from the tight control over the public during the Emergency and also, to some extent, in the subsequent years. The industries in both the sectors have been a frequent victim of labour unrest and the cumulative effect is borne by the society in terms of production-loss in crores of rupees.43

In 1989, production loss, estimated for 1950 disputes, amounted to Rs. 398 crore.44

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43 Ibid. op. cit, p. 551.
It is really disheartening that even the substitution of private investment by socialisation of investment and expansion of the public sector has not lead to any meaningful improvement in the industrial relations.

One of the primary reasons of the failure to achieve the stipulated production target in the public sector and maintain a relationship of amity between the management and the labour has been the changing policy of the Government The Government has never been clear as to how the objectives spelt out in the Five Year Plans and other documents were to be achieved. Sometimes it has taken recourse to compulsory regulation for the settlement of disputes and at other times encouraged wage settlement through tribunals and tripartite negotiations. In some of the public sector understandings, standing orders have not yet been finalised and decisions are taken by those in authority not in accordance with rules and norms but in their good will and whim. Only the Payment of Minimum Wages Act appears to have been implemented by and large.45

Among the notable factors responsible for non-implementation of labour laws in the public sector is the dual administration of labour laws and lack of co-ordination. Both the Central and the State Government are authorised to make laws on labour matters. The application of both kinds of laws simultaneously sometimes Leads to confusion. The Labour Departments of the State Governments, which are responsible for the implementation of the laws, are not equipped with well qualified and adequate staff for the purpose. The management in the Public sector undertakings is neither very law-abiding nor very sympathetic or humans.46

The same sets of officers have been entrusted with functions relating to industrial relations and labour welfare on one hand, and recruitment, promotion, and conduct and discipline on the other. Trade unions are involved more in inter-union rivalries and petty party politics than in encouraging implementation of labour laws. Different political parties view with one another to gain control over the trade union movement, ultimately splitting the movement and making it weak and disunited.

**Present Personnel Position in the Heavy Engineering Corporation:**

Prior to 1964, the Personnel Department in the H.E.C. was not well organised, and different independent officers used to look after their employees in all matters separately. As the construction work in the H.E.C. gradually tapered off by 1964, the Management felt the need for one integrated Personnel Department to look after personnel matters and labour welfare problems. The result was the birth of the Administration and Personnel Department in the H.E.C.

The Chief of Administration and Personnel has been authorised on behalf of the Management to deal with matters relating to personnel, labour relations and labour welfare directly in consultation with the Manager. If required he may negotiate with the representatives of the labour unions on behalf of the Management to settle any dispute and report to the Chairman-cum-Managing Director of the result and progress there of. He is the Chief Advisor on personnel policies and industrial relations. At present, the function, relating to general administration and personnel management, have been integrated in one Division and are under the control of the Chief of Administration and Personnel.

The H.E.C. with a total investment of about Rs. 437.87 crore on 31st March 1998 constituting about 1.33% of the total investment in Central
Government undertakings numbering 223, has an important position in order of investment.47

The total number of employees on the rolls of the Corporation was 9653 on 31 March, 1998 is given in table 4.1.

The total number of employees in the Central Government undertakings was 14.05 lalkhs in 1997-98. Thus, the H.E.C. absorbed about 7% of the total employees working in Central Government undertakings in the year.

It may be observed that manpower position in H.E.C. during the period 1973-74 up to 1997-98 had a decreasing trend in the number of employees but the emoluments had a increasing trend as shown in table 4.1. In the year 1985-86 total number of employees were 21378 with total emolument of Rs. 14.78 crores. In 1992-93 the number of employees was 21318 earned Rs. 34.06 crore that is an increase of 43% in total emoluments. Likewise in 1993-94 the number of employees were 12853 and the emolument was 81.91 crores. This shows 40% reduction in employees and increase of 41.6% in emolument, the total emolument got down to 9653 as on 31.3.98 with an increase emolument of Rs. 111.50 crores. The increase in the wages will clearly reflect that keeping in view the rise in prices and increase in cost of living, emoluments have been suitably increased by way of pay revision and DA high. Table 4.1 below shows the actual position.

Table 4.1
Employment Position and Total Emoluments paid in HEC
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Employees</th>
<th>Total Emoluments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>21378</td>
<td>14.76</td>
</tr>
<tr>
<td>1985-86</td>
<td>21318</td>
<td>34.03</td>
</tr>
<tr>
<td>1993-94</td>
<td>12853</td>
<td>81.91</td>
</tr>
<tr>
<td>1994-95</td>
<td>12275</td>
<td>86.59</td>
</tr>
<tr>
<td>1995-96</td>
<td>11321</td>
<td>92.01</td>
</tr>
<tr>
<td>1996-97</td>
<td>10526</td>
<td>98.61</td>
</tr>
<tr>
<td>1997-98</td>
<td>9653</td>
<td>111.50</td>
</tr>
</tbody>
</table>

Source: Annual Report of HEC.

The average annual emoluments, earned by an employee of the Central Government undertakings in general came to about Rs. 104252 in 1997-98. Against this average emoluments earned by an employee of the H.E.C. was calculated at Rs. 115836 in 1997-98 which did not show any deviation from the general trend. The total wage bill of H.E.C. was about 1.3% of the total wage bill of all the Central Government undertakings in the same year.

MANPOWER PLANNING:

One of the major problems facing the public sector undertakings is manpower planning. Lack of manpower planning on a scientific basis at the initial stages was one of the main reasons for over-staffing in public enterprises in India. In the H.E.C. also the problem of over-staffing, which is backlog of the construction stage is one of the greatest problems related to manpower planning. Although the number of employees on rolls were decreased during the course of study.
Manpower planning basically means preparing the men for the job as per requirement of the project, in adequate number and of appropriate quality. First, the need has to be assessed, then proper solution has to be found form training personnel in order to ensure the continuous flow of the labour force.

The Parliamentary Committee of Public Undertakings which visited the H.E.C., pointed out how the absence of manpower planning led to excessive appointments at the construction stage. When steps were taken to retrench the surplus staff, labour trouble started in the undertaking. But it must be pointed out that H.E.C. has done well in respect of maintaining a continuous flow of trained and skilled manpower to handle the sophisticated machines.

RECRUITMENT AND SELECTION:

A new personnel policy for making appointments to top posts in public enterprises was formulated with the setting up of the Public Enterprises Selection Board in August, 1974.48

Under this policy the government retained the prerogative for selection and appointment the Chairman, the Managing Director, and the Members of the Board of Directors, and delegated powers regarding recruitment, training and promotion in respect of bulk of the managerial posts. The personnel and recruitment policy is formulated in each of the public sector undertakings, by the respective management with the approval of the Board of Directors concerned.

In the technical sense recruitment means attracting the proper and suitable type of candidates for the posts to be filled up.49 The employer suffers if he does not get the men best suited for a particular job, the worker suffers if he cannot

find a job for which he is best suited, and the community suffers as a result of how productivity and dissatisfaction amount workers and employers.\textsuperscript{50}

The selection of suitable personnel in a fair and impartial manner is very significant for an undertaking like H.E.C. which needs highly specialised technical workmen.

In the H.E.C. the recruitment of all categories of employees is centralised. The recruitments in the three plants and the departments under the Headquarters are done by the Recruitment Section of the Headquarters as and when demands are projected.\textsuperscript{51} Recruitment from external sources is resorted to at the entry point in case of officers, supervisors and others. If suitable candidates are not available from internal sources, recruitment from external sources can be done at other entry print too. For the purpose of recruitment the following classification of employees has been made in the H.E.C. (i) Executives, (ii) Supervisors, and (iii) Industrial and Non-Industrial Establishment.

Minimum qualifications and experience are laid down in each case of technical and non-technical posts. The process of recruitment commences with the receipt of requisition in the Recruitment Section from the Plant and the Divisions. If suitable departmental candidates are available, the vacancies are internally advertised and further action is taken to form a panel of selected candidates. If a post cannot be filled up from internal sources, and is in a scale the maximum of which is Rs. 500 crores below the vacancy is notified to the Employment Exchange and the candidates sponsored by it are considered. If the Employment Exchange fails to meet the requirements, the posts are advertised externally. Where the vacancies are in salary ranges higher than those required to be notified to the Employment Exchange, and if it is not possible to fill them up from internal sources, the posts are advertised externally.

\textsuperscript{50} Establishment Manual of the H.E.C., p. 6.
\textsuperscript{51} The interview with the employees of the H.E.C.
For interviewing the candidates Selection Committees are constituted from time to time for different categories of posts. Whenever selection of candidates from an external sources is involved a representative of the State Government is invited to the Committee. If necessary, outside experts are also invited to the Committee. On the basis of the interview, a panel is prepared which is valid for one year. Appointment is made from this panel after the approval of the competent authority.

In the selection and appointment of employees against internal advertisement due weightage is given to the merit of the candidates and their performance in the trade tests. The merit list is drawn on the basis of marks secured in the test and interview.

The present recruitment policy of the H.E.C. has been effective since 1 April, 1964 with some modification from time to time. The Employment Exchange has been the main source of recruitment.

It has supplied 25% to 27% of the recruitment made by the H.E.C. The system of recruitment through the Employment Exchange has every possibility of fair selection. But it has been found that the Employment Exchange is unable to supply adequate number of technicians of the type required by the Corporation. For such the personnel, Corporation has to depend on its own source of apprentices trained in its training institute.

In the matter of reservation of posts at different levels to members of Scheduled Castes, Tribe and ex-service-men, the directives of the Government of India are followed. Preference is given also to persons who have been displaced, or affected otherwise by the acquisition of lands for the project.

It is evident from table 4.2 that the representation of the Scheduled Tribes was above 26% in 1997-98 which was higher than the prescribed minimum of 7.5%. The representation for Scheduled Castes was 3.4% which was far below
the prescribed minimum of 15%. The higher representation of the Scheduled Tribes is not the result of any policy decision by the Corporation, but because of the location of the enterprise. The people who were displaced by the acquisition of land by the Corporation belonged mostly to the Scheduled Tribes. Moreover, local people working on the muster roll basis as the time of the construction of the factories have been gradually absorbed and this has also inflated the number of employees belonging to the Scheduled Tribes.

Table 4.2
Representation of Scheduled Castes and Scheduled Tribes in the H.E.C. as in 31st March 1998

<table>
<thead>
<tr>
<th>Category</th>
<th>Total strength</th>
<th>No. of SC employees</th>
<th>Percentage and fulfilment</th>
<th>No. of ST employees</th>
<th>Percentage and fulfilment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1187</td>
<td>13</td>
<td>1.13</td>
<td>27</td>
<td>2.22</td>
</tr>
<tr>
<td>B</td>
<td>540</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>0.74</td>
</tr>
<tr>
<td>C</td>
<td>5801</td>
<td>199</td>
<td>3.42</td>
<td>970</td>
<td>16.73</td>
</tr>
<tr>
<td>D (i)</td>
<td>1911</td>
<td>116</td>
<td>6.05</td>
<td>905</td>
<td>47.36</td>
</tr>
<tr>
<td>Conservancy</td>
<td>214</td>
<td>73</td>
<td>34.02</td>
<td>132</td>
<td>61.66</td>
</tr>
</tbody>
</table>


In course of interviews with workers and labour leaders, it came to light that in making appointments to even non-specialised posts like those of clerks, typists, unskilled artists and labours, the claim of the local people has been neglected. Nearly 75% of such requirements were met from external sources. Again, though the appointments are made on the recommendation of the Selection Committees, favouritism and nepotism rule the roost. The son of a former Chairman was placed in the rank of Superintending Engineer in the
HMTP, though he was only a matriculate a lower division clerk appointed foreman because he had the backing of a highly-placed executive in the F.F.P.\textsuperscript{52}

The problem of overstaffing in the H.E.C. was highlighted by the Parliamentary Committee on Public Undertakings. This problem is common to almost all the enterprises in the public sector. A solution to the problem of overstaffing is retrenchment. But it is difficult to bring it about because of political and administrative pressures. The Committee on Public undertakings recommended that no fresh appointment be made unless the surplus staff has been suitably absorbed.

**TRAINING:**

The main objective of training the personnel is to improve the functional efficiency of the workforce in their present job and train them for shouldering higher responsibilities, to improve the skill and attitude of the managers, supervisors and others, and develop them in professional competence. It is in the nature of a development of people and is a continuous requirement in most enterprise, private or public.\textsuperscript{53}

Training programmes are useful for both the employees and the employer. Training is an investment in human resources; it is an important means of improving the human potential and increasable to the latter than to the former.

In a developing economy, the process of industrialisation leads to the transfer of the labour force from the agricultural sector to the industrial sector. This may happen also when following Nurkse's Ideas, the surplus labour force of the agricultural sector is mobilised for capital formation in the industrial sector.\textsuperscript{11} These factors lead not only to geographical mobility of labour but also to occupational mobility of labour and this leads to the problem of psychological and social adjustment and adaptability. Moreover, the importance of a suitable

\textsuperscript{52} Lotia, C.: Managerial Problems of the Public Sector in India, p. 156.
labour policy under conditions in which labour rather than capital is the chief factor of accumulation is more significant.

The human factor is perhaps the most important non-business factor which greatly influences industrial relations and business operation. Man is the most dynamic factor of production and his behaviour is unpredictable. Again men differ in outlook after management in an undertaking very difficult. They have to study men, their aspirations, outlook, temperament, environment and their aptitudes.

The needs for a large number of specialists is file in course of the expansion of the public sector. But trained men are scare, and this generally operates as a serve constraint in the efficient working of public enterprises. In order to meet the requirement. In order to bring uniformity in the standard and pattern of training, there is need for better control and direction at the national level.

For an undertaking like the H.E.C., the need for specialised, skilled and trained workers was felt in the very beginning. The corporation established its own Central Training Institute in 1963 in its campus. The Institute can train 800 trade apprentices at a time. The capital cost of the Institute is Rs. 104.54 lakh but the budget has naturally been going up with every passing year. The Institute which is controlled by the administration and personnel division, Headquarter, imparts training to workmen, supervisors and executives. There are also training section attached to the administration and personnel division of each of the three plants.

The Central Training Institute has two wings, (1) Management Training Wing and (2) Trade Training Wing. The Management Training Wing conducts the following courses :

i) Career Development Programme
ii) Foremanship Course.
iii) Executive Training Programme
iv) Management Development Course.
v) Training of Supervisors.
vi) Functional Courses indifferent subjects and
vii) Workers' Education Scheme.

Management Development Courses are conducted to cater the needs of Managers at different levels. In 1992-93, 756 Executive and 257 Supervisors and workers were imparted training under various training programmes organised by the Management Development Institute of the Corporation. Apart from this 380 workers of the Corporation underwent refresher courses. Besides, 45 workers were trained under the scheme of Workers' Teachers' Training Programme of the Central Board of Workers' Education.

Functional courses in different specialities are arranged from time to time to enable the officers dealing with specialised subjects to exchange views and experiences with others. Such courses are conducted in Material Management, Personnel Management, Industrial Engineering, Financial Planning and Control, Production Planning and Control, Cost Estimating and Pricing Plant Maintenance etc.

The Central Training Institute of the H.E.C. has also arrangements for the training of selected executives in their respective branches, e.g., engineering, finance, personnel, material management etc. The period of training is of two years. Foremanship course, which is of 40 weeks' duration is intended to widen the effectiveness of supervisors training of supervisor under T.W.I. Scheme covers job communication, job methods, job safety, office supervisor etc. The duration of training is of two weeks.

The workers' education scheme has two types of courses, (a) workers' and teachers' training course, and (b) unit level workers' training classes. These courses have been designed to develop an understanding in the workers regarding their economic environment, privileges allowed to them, their
obligation as individuals and as members of a union, and also to create in them an awareness of their social and national responsibilities. Such courses are of the duration of three months.

Under the provisions of the Apprentice Act, 1961, the Corporation has to impart training to apprentices. The period of training varies from trade to trade. The trainees spend five days a week on on-the-job training in the Plants, and one day they attend theoretical classes at the Institute. But all the apprentices who receive training at the Institute are not absorbed in the corporation; the number of those who are absorbed varies from year to year.

Under the management development programme of the Corporation, during 1990-91 341 Senior Executives/Managers attended various lectures delivered by eminent persons in 9 programmes conducted by the Management Development Institute. For Middle Managers 14 programmes were conducted which were attended by 324 officers. Similarly 14 courses were organised for supervisors which was availed by 236 Supervisors.54

During 1995-96, 500 Senior Executive Managers participated in various training programmes and lecturers by eminent persons organised by the Management Development Institute of the Corporation. Further, 225 Middle Managers were imparted short term training in various management development programmes. Apart from this 53 Executive Trainees and 216 Supervisors also availed of various training programmes to improve their knowledge and skill.

Table - 4.3
Details of Persons Trained under Apprentice Training Scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Apprentices Admitted</th>
<th>No. of Apprentices who completed Training</th>
<th>No. of Apprentice Absorbed in the Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-92</td>
<td>439</td>
<td>325</td>
<td>-</td>
</tr>
<tr>
<td>1992-93</td>
<td>720</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>1993-94</td>
<td>705</td>
<td>445</td>
<td>170</td>
</tr>
<tr>
<td>1994-95</td>
<td>344 + 17 employees</td>
<td>232</td>
<td>the employees only</td>
</tr>
<tr>
<td>1995-96</td>
<td>850</td>
<td></td>
<td>the employees only</td>
</tr>
<tr>
<td>1996-97</td>
<td>470</td>
<td>386</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the H.E.C.

Workers' Education Scheme 4 unit labours classes were organised during the year which called 100 workers.  

During the year 1992-93, 656 Executive and 180 Supervisors and workers were imparted training under various training programme organised by the Management Development Institute of the Corporation. Apart from this 380 workers of the Corporation underwent refresher courses. Besides 45 workers were trained under the scheme of Workers' Teacher Training programme of the Central Board for Workers' Education.  

Refresher courses are arranged by the Trade Training Wing, primarily to cater the requirements of the Divisions under the Headquarters on need basis. A limited under of persons belonging to private and public sector enterprises are also allowed training facilities in the H.E.C., subject to the availability of facilities. The Corporation has allowed 40 seats for trainees under Practical

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56 Annual Reports of the H.E.C., for 1995-96.
Training Stipend Scheme Sponsored by the Government of India. The duration of the training is of one year.

The Central Training Institute of the H.E.C. has been adjusted as the best training establishment with excellent facilities for the training of trade apprentices by the Directorate of National Apprenticeship Training for the Eastern Region. In 1992-93 six apprentices won medals in the Regional Test.  

One of the fitter apprentices stood first in all India Skill Competition organised by the Government of India and was awarded the President's Gold Medal and a cash award of Rs. 5000 in 1991-92.  

In accordance with the terms of agreement signed with foreign collaborates, training facilities are provided aboard in their countries in area where such facilities are not available in the country. Such trainees are required to serve the Corporation after the completion of the training for a period three years, and when the period of training exceeds six months, for a period of five years.  

It is evident that H.E.C. has facilities for imparting training to employees of all categories. But the sad part of it is that its not in a position to provide employment to all the apprentice trainees, and the result is the wastage of both money and skill.

PROMOTION:

Promotion are transfers to higher positions with better emoluments and are the result of recognition of merit, experience and performance. In any organisation proper avenues for promotion act as incentives for better work. These are necessary for maintaining the morale of the employees, developing in them the will to work and stimulating them to earn merit.

57 Idbi. p. 48  
58 Idbi. p. 55  
59 Idbi. p. 67.
The promotion policy followed by the H.E.C. is not different from that of other public sector enterprises in India. For finalising promotion, departmental Promotion Committees are constituted. A statement of suitable candidates showing particulars of records of services, age, qualifications, records of performance etc. is prepared. The candidates are listed in order of seniority. An employee must put in at least three years of service in the Corporation in a particular grade for being considered for promotion. In case of exceptional merit, where an officer has acquired wide professional experience prior to joining the Corporation, he may be considered for promotion by the Committee even if he has not put in three years of service in one grade.

For employees of certain categories, trade test also in prescribed. The Departmental Promotion Committee meet twice a year and their recommendations are valid for one year.

There is nothing wrong in the promotion policy of the H.E.C., but in practice it has been found that rules are violated with impunity in order to accommodation favourities. The Assistance Engineers, employed in the Corporation have always made such complaints. They have urged that promotion should be based on seniority unless there is something against person concerned. A number of years back a batch of young graduates of the H.E.C. Complex, in a Memorandum to the Prime Minister, alleged supersession of nearly 200 young graduates by a less-qualified graduate in a non-selection cadre of Junior Executive. In May 1986, a Junior Executive was promoted to the rank of Junior Manager ignoring all rules and regulations laid down by the Management itself. In may 1987 a section of the workers of the H.E.C. resorted to agitation, Dharna and gheroa because they had not been provided with any change of promotion through they had been working for over 10 years. The Parliamentary Committee on Public Undertakings in its report on the H.E.C. for 1990-91, mentioned some cases of accelerated promotion. It was found that 32 persons had been given two
or more promotions within a period of five years violating all rules and regulations of the units.

On 16 July, 1994, a massive angry demonstration was held by about 500 workers of the industry before the H.E.C. headquarters in protest against denial of promotion to general employees on one hand and large scale promotions to officers on the other. A spokesman of the agitating workers claimed that no workman of the H.E.C. has been given promotion in the last one decade whereas about 40 officers have been promoted at a time recently. This has happened because the H.E.C. management is following a "need-based" promotion policy for workers and time-bound policy for officers. Almost all the trade unions have perhaps for the first time in the history of H.E.C. combined to express their resentment against this discriminatory policy. The H.E.C. employees went on the indefinite strike on 9th August, 1994 in support of their 19-point demands, including date-line promotion, payment of arrear, house-rent and city compensatory allowance. More than 12000 workers of the Corporation were on strike which was supported by most of the trade unions including AITUC, BMS, CITU, HMS, UTUCLS, UTUS, and TUCC.

It is clear that there is lack of sufficient promotional avenues in the H.E.C., and in finalising promotion cases considerations other than seniority and merit play a role. Naturally, there is industrial unrest and consequently loss of man-days through strikes and dharnas. It is therefore, suggested that sufficient promotional avenues should be created and the Promotion Committee should decide the cases of promotion strictly on the basis of seniority and merit after the completion of three years of minimum service. The Parliamentary Committee on Public Undertakings also recommended that cases of promotion should be considered after the completion of a period of three years.
WAGE AND SALARY ADMINISTRATION:

The problems of wages is one of the most important aspect of personnel problems and it is major source of friction between the employee and the employer. Low wages are responsible for 30% to 40% industrial dispute.\(^6^0\)

Industrial workers in India are not well-organised and their bargaining power is poor. In the absence of a powerful forum for the expression of their grievances and the solution of their problems the workers resort to sporadic acts of sabotage even.

The objective of the wage policy in a developing economy was summarised by the I.L.O. as follows:

1) To abolish malpractices and abuses in wage payments.
2) To set minimum wages for workers whose bargaining position is weak.
3) To obtain for the workers a joint share in the fruits of the economic development without wage inflation, and
4) To bring about a more efficient allocation of manpower through wage differentials.\(^6^1\)

The First Five Year Plan stated that there would be a national wage policy of India designed to check inflationary present, to raise the existing wage rate where it is abnormally low, to remove disparities of income by given workers their due share in the national income to standardise the wage rates, to amalgamate 50% of dearness allowances with the pay, to implement the minimum wage legislation effectively, to evolve formula for the payment of bonus and to constitute permanent wage boards with a tripartite composition in each State and at the Central to deal with the fixation of wages.\(^6^2\)

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The Second Plan emphasised the need for wage census and the appointment of a wage commission to define respective roles of wages, profits and prices, taking into account the declared social objective of the community. It suggested the revision of the present series of cost of living indices at different centres. For the effective implementation of fair wages, it recommended the amalgamation of marginal units.63

The Third Plan noted with concern the wide disparities between the wages of ordinary workers and the salaries of those who work at the higher management levels, and urged the constitution of a study them on wage differentials. It further emphasised the need for an effective machinery for the implementation and inspection of the Minimum Wage Act. In the Fourth Plan the question of wages and incentive was considered in detail. A separate study group constituted by the Planning Commission on Productivity and Incentive made valuable suggestions for the improvement of the workers.

The National Commission of Labour advanced the following guidelines for a national wage policy:

1. A subsistence minimum wage defined by the Committee of Fair Wage should be a primary charge on the employer.

2. The wage policy evolved should be such as can maximise employment at rising levels of productivity and wages.

3. There should be progressive rise in real wages.

4. The wage rate determined should permit a fair return to the employer and fair remuneration to the employee.

5. There should be a wage regulation mechanism to deal with the wage structure and its level, from time to time.

6. A proper adjustment of wage levels with price-changes should be ensured.64

During the Fifth Year Plan, attempts were made to achieve the old targets about wage-policy while during the Sixth Five Year Plan, emphasis was laid on regularisation of working conditions of the unorganised labour creation of additional employment opportunities, and progressive use of collective bargaining for wage-determination, etc. During the Seventh and Eighth Five Year Plan attempts were made to create healthy industrial relation, improved welfare facilities and to check over staffing by reducing the number of employees.

The employees in H.E.C. are divided in broad six categories.

1. Industrial Workers
2. Non-Industrial Workers
3. Teaching Staff
4. Supervisor
5. Executives
6. Medical Officers.

Wages fixation in the public sector undertakings in India has mainly been guided by the recommendations of wage boards appointed by the Government from time to time, by the award of tribunals or arbitration bodies, by the agreement between the management and the workers, by collective bargaining or mutual negotiation. Besides the wages and salaries fixed, different type of allowances are paid. It is found that there is no uniformity in scales and, allowances of different public sector undertakings and even the minimum wages differs. Besides conveyance allowance is paid to the higher officers for car maintenance and using it for official work. The supervisory cadre get,

64 Labour in Public Sector Undertakings, Basic Information, Ministry of Labour Employment and Rehabilitation Government of India, 1970, pp. 43-51. (Base 1960-100)
scooter/motor cycle allowance and staff leaving within the radius of 8 km from the place of work are also entitled for allowance. The government made a stationary provision for the payment of bonus at rate of 8.33% minimum even if the enterprise is running in loss. The management of the H.E.C. has paid the bonus to its employees at this rate.

In addition to these allowance, special allowance is given to the Private Secretary of Chairman-cum Managing Director and also other private secretaries and personal assistants because of the arduous nature of their duties. The medical staff get non-practising allowance. Messing, Uniform and Washing Allowances are paid to the nursing staff. Workmen provided with uniforms are also entitled to Uniform allowance and Washing Allowance.

The long list of fringe benefits granted by the H.E.C. goes on expanding. In 1987 the management granted production award of Rs. 75 to every worker as result of an agreement reached between the management and the Hatia Project Workers Union.65

Such ad-hoc payments gradually become a recurring feature and enhance the imbalances in the pay scales of employees in different enterprise besides working as an incentive to agitations and strikes.

Whenever agitations and strikes take place, the management bows down and reaches an agreement with the strikers for an upward revision of wages or for the grant of some other benefits. Unless an agreed formula of wage fixation acceptable to all is evolved, agitations and strikes are bound to take place again and again. It is essential to bring about some kind of uniformity in the wage structure of all the public sector undertakings in India, otherwise the felling of discrimination will breed dissatisfaction among the workers. The wages must have a correspondence with productivity and efficiency. Again, as suggested by

the Committee on Fair Wage, 1948 the minimum wage must provide for not only subsistence of life but also preservation of efficiency among workers. The wages that a worker gets should be enough to provide for him and his family not only food, clothing and shelter, but also education of his children, better health and insurance against unforeseen misfortunes.\footnote{Agrawal, J.N.: "How managers View Incentives", Indian Journal of Industrial Relations, Vol. 2, No. 4, April, 1967, pp. 497-98.}

But it is not possible unless production is increased and this increase in production is achieved at a reasonably low costs; in other words, increase in workers' remuneration is linked with increase in production. Only then can the workers be given higher wages and good will be available to the consumers at a cheaper rate.

**INCENTIVE SCHEMES:**

An incentive is a purposive inducement for obtaining higher contribution from an employee to an enterprise. This is one of the major variables which affect the behaviour of people working in any productive system. It promotes competition among the workers, improve their skill and develops the standard of living of workers by allowing them extra payment.

The main objective of financial incentive as a managerial tool is to enhance productivity, control the unit cost of production, and to increase the employees' earnings which in turn may improve industrial relations. It is in the nature of certain material reward given to any person who is entrusted with a job for performing the same in a better and more efficient manner. It is a motivating force which creates an urge in the performer to perform better. It is also in consonance with the concept that gain of better performance should be shared between labourers, management and the consumers.

The following conditions should exist before introducing an incentive scheme:
i) The need for achieving a higher target in respect of some criterion must exist.

ii) The criterion to which the incentive is to be applied should be capable of accurate measurement.

iii) The work-force should be eager to improve its earnings through more efforts.

iv) The incentive part of the total output should not be very high.

v) The standard of workload and production should be fixed on the basis of a proper time and motion study.

vi) Sufficient care should be taken to preserve the quality.

vii) The incentive scheme should be simple, direct and easily understandable.

An incentive scheme is a system of remuneration in which the amount earned is dependent on the results obtained, thereby offering the employee an incentive to achieve better results. The essence of an incentive scheme is that there is an adjustment of earning with output. "An analysis conducted by D.L.M. Manis and W.G. Dick of the university of Nebraska reveals that introduction of an wage incentive scheme resulted in 5% increase in productivity. S.D. Davidson and others in London in a similar study found that increase in the rate of output per man per hour and reduction of wage cost resulted from the introduction of an introduction of an incentive scheme. In India a similar research conducted by National Productivity Council has come to the conclusion that as a result of monetary incentive scheme in a unit, production increased 11.77% to 49.5%.

Management of the H.E.C. has not introduced a well-organised incentive scheme as yet, though it appears to be keen to introduce such schemes. The authorities of the H.E.C. revealed that for workers, supervisors and assistant foremen, there exist some incentive schemes in the form of financial benefit ranging from Rs. 400 to Rs. 500. The scheme needs expansion on a scientific and rational basis.
EXECUTIVE DEVELOPMENT IN H.E.C.:

Executive Development is the improvement that takes place in the skill of an employee through proper training. The potentialities of an employee can be utilised in the full measure only when they are provided with an opportunity to grow properly. For this purpose, skill formation and addition to the merit of an employee through training is necessary. Likewise, when the ability of an employee is enhanced, he must be provided adequate avenues for vertical advancement. Thus, development must include the operative function of promotion as well.

The operative function of development in personnel management is conditioned by the nature and extent of training facilities. Nothing is so important as training to improve the effectiveness and efficiency of the labour force. It is regarded as the most promising attack on many problems that rise in the firm or agency and to interpret the managerial policy of the organisation in order to improve cooperation. Employees of all categories in an enterprise may be benefited.

Despite the wide variety of training needs, methods and programmes, there are certain principles of training that have fairly wide application. Industrial trainers and continually rediscovering the value of using should basic principles in their work. Thus, for example, Halsby shows that recent industrial training trends reflect the recognition of basic principles. His statement of trends maybe summarised as follows:

1. There is a tendency toward training of individuals.
2. An incentive proportion of training is being done by foremen and fellow employees rather than by a formal training staff.
3. The part of the learner is growing more dynamic rather than more static-there is more participation on the part of the learner.
4. Training is better selection of trainees.

5. Training is becoming more specific rather than more general.⁶⁷

One of the reason for paying attention to training principles is the recent experience during World War II when training needs, both civilian and military, were critically acute. Lawshe and Harris, discussing the extensive military research in training commented:

"The chief contributions to industry from these studies come from the revelations of the enormous waste that can result from improper training methods and devices and the fact that the application of basic psychological principles and techniques has real economic value."⁶⁸

Training methods are numerous and varied. Some are useful for specific groups of management and employees. Others are helpful for dealing with specific subject matters. Most training methods, however, have variety of uses. One of the professional training functions is to selection the most appropriate method or methods for a particular training programme.

A wide variety of methods is available to determine training needs. Some of the principal ones include: (1) job analysis, (2) psychological tests, (3) morale survey, (4) personnel audits, (5) activity analysis, (6) analytical methods, and (7) group therapy.⁶⁹

Traditional rank and file training methods include (1) on the job training, (2) vestibule schools, (3) vocational schools, (4) company training schools (5) and the three position plan. Training methods for craftsmen and supervisors

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⁶⁷ Abstracted from George D. Helsey: Training Employees, Parpor and Brothers, New York, 1949, pp. 3-5.
include, (1) apprenticeships (2) internships (3) job rotation. (4) flying squadrums (5) understudies, (6) college training and (7) executive development.\textsuperscript{70}

It is very difficult to differentiate clearly between supervisor and executives except at the extreme ends of the continuum. Therefore, there is a considerable overlap between supervisory training and executive training. Some of the special duties of the executives are: (1) Planning, (2) Organising, (3) Directing, (4) Coordinating and (5) Controlling. Some of the methods, adopted for executive training are (1) job rotation (2) syndicate system (3) committee system, (4) case studies (5) conference and role playing session, (6) executive counseling and (7) internship or understudies arrangements.\textsuperscript{71}

**TRAINING FACILITIES IN THE H.E.C.L.:**

The H.E.C. lays special emphasis on improving the functional efficiency of its workforce by imparting proper training to them from time to time. The main aim of training, state the 'Establishment Manual' of the H.E.C., is to improve upon the functional efficiency of the workforce in their present job and train them for shouldering higher responsibilities to improve upon the skill and attitudes of the Managers, Supervisors, and others, and develop them in professional competence.\textsuperscript{72}

The H.E.C. has with this end in view, established its own Training Institute which functions under the Administration and Personnel Division of the Corporation. There are also Training Sections attached to the Administration and Personnel Division of each plant.

The H.E.C. Training Institute has two wings: (a) Trade Training Wing and (b) Management Training Wing.

\textsuperscript{70} Ibid. pp. 12, 21.
\textsuperscript{71} Ibid, pp., 10-27, 10, 28.
The trade training wings undertakes (1) Training of apprentices, (2) Refresher Course, (3) Training of workmen, supervisors, officers from outside organisation, (4) Training under the practical training stipends scheme of the Government of Indian and vocational training. Under the provision of the Apprentices Act, 1961, the corporation imparts training to apprentices. The period of training varies from trade to trade. The trainees spend five days a week on-the-job training in the Plants and one day attend theoretical classes at the Training Institute. Department candidates, if and when put on training under the scheme, are absorbed in suitable positions of successful completion of the training. Others are appointed only if there is need for additional hands.

Executives are sent for training to either outside organisations in India or abroad. The foreign collaborators provide training facilities in their countries for certain corporation personnel in terms of agreements signed with them. The training is undertaken in those areas were such facilities are not available in the country. Normally trainees are selected from among those who have qualifications and experiences in the field of specialisation. Officers and other are sent to participate in seminars and short term training course conducted by external agencies.

A number of training section have been attached to the administration and personnel division of the plants which undertake (a) reorientation training for workmen (b) refresher training and (c) training of personnel abroad as well as in other organisation in India.

The personnel who are rendered surplus, and those in semi-skilled and unskilled categories, are trained for areas where there is shortage. Such courses are undertaking on need basis, on specific orders of management. Refresher course are conducted from time to time to improve the proficiency of workmen and supervisors. They include theoretical as well as practical training. Refresher courses are arranged on need basis on the advise of the line managers where
deficiencies have been noticed on where improved skills are called for. Such courses are conducted during working hours. The duration of the course and the number of participant are determined in each case considering the trade, nature of job and other relevant factors.

The management Training Wing conducts the following courses: (i) Management Development courses, (ii) Functional courses in different subjects, (iii) Executive Training Scheme, (iv) Foremanship Training Scheme, (v) Coaching classes for A.M.I.E., (vi) Training of Supervisors under TWI Scheme, and (vii) Workers' Education Scheme.

Management Development Courses are run to cater to the needs of Managers at different levels. Functional courses in different specialities are arranged from time to time to enable the officers dealing with specialised subjects to exchange views and experience with others dealing with the same subject and other colleagues working in related areas. Functional courses are conducted in Materials Management, Personnel Management, Industrial Engineering, Financial Planning and Control, Production Planning and Control, Cost Estimating and Printing, Plant Maintenance and Management aids like PERT, CPM, etc.

The Corporation has introduced a scheme of selecting promising young men and women for training as executives in the field of Engineering, Finance, personnel, materials management, public relations etc. The period of training is two years. The first three months are devoted to indication training and the balance to in plant training. In the second months training they are placed in the plants/divisions for on-the-job training.

The course under Foremanship Training Scheme is designed to widen to knowledge and effectiveness of Supervisors. The course has been recognised by all India Board for Technical Studies in Management and certificate issued by the H.E.C. are endorsed by the Chairman. All India Board for Technical
Education in Management. The course for AMIE provides opportunity to the employees for self-improvement and career development. The scheme for training of supervisors affords opportunity to the first line supervisors to develop communication and supervisory skills, acquaint them with better methods in day-to-day work develop safety consciousness, healthy job relation better technique in office management, etc. The programme was initially scheduled to cover the following points: (1) job supervision and communication, (2) job methods, (3) job safety and job rotation and (4) office supervision. The Workers' Education Scheme aims at promoting among workers greater understanding of the problems of their economic environment, their privileges and obligations as union members and citizens, develop leadership from the rank and file and promote growth of the democratic progresses and traditions in the trade union organisation creates an awareness of social and economic responsibilities of workmen, and the development of effective trade unions through better trained officials and enlightened members. Under this scheme are included (a) Workers' Teachers' Training Courses and (b) Training in Unit Level Classes.

For the ordinary workmen, four unit level classes are conducted in a quarter. The total number of classes does not exceed sixteen. Each class accommodates 25 trainees. Workmen who attend 75% or more of the classes held under the scheme before the factory or office timings, are paid Rs. 25 per month as incentive in lieu of time off concession. Such worker-teachers as may show proper interest and good result in the above programme, are given ex-gratia payment, subject to a minimum of Rs 450 and a maximum of Rs. 600 in each session per worker-teacher.