CHAPTER-II
PRESENT STUDY – DESIGN AND METHODOLOGY

LIBERALIZATION AND ITS EFFECTS

Progressive liberalization of the Indian business environment through modifications in the industrial, trade and fiscal policies by the Government has brought in change and competition of a magnitude that was unknown so far. A large number of public sector organizations are being converted into private sector companies – There is a similar trend in many Asian and European countries that are opening up their economies.

Several organizations, large and medium, from the manufacturing and the services sector have either undertaken or are in the process of initiating restructuring of their business, equity, products, priorities and people so as to meet the challenge of change and competition.

Such restructuring will inevitably have its impact on people – as individuals, groups and as collectives, as well as on the human and organizational processes owing to: (1) downswing (ii) relocation of business and people (iii) large scale retraining and redeployment and (iv) diversification.

Liberalization in government policies for the import of technologies and equipment, participation of multinationals in joint ventures in India, and relaxed standards for custom duties, besides simplified procedures for imports and exports have brought about major changes in Indian organizations. This is the beginning of a way of life where everything would become dynamic and organizations will have to worry about structures. HR policies and areas of business in conformity
with total pressures and needs of the customers. This would mean a lot of change in decision-making. Human resource development requires an entirely different approach and priority, since it would emerge as an axe in productivity and managing competition in the changed liberalized ambience. The liberalized ambience would mean the following:

i. More Competition

Organizations in the domestic market would face increased competition with better products, more features and lower prices. This would mean that they will have to be concerned about economies of scale and identify niche markets, enlarging the overall productivity and effectiveness to sustain.

ii. Technology Invasion

Liberalized ambience would see a wide range of technology availability. Organizations will have options to choose from, state-of-the-art technologies for efficient management of the enterprises.

iii. Availability of Resources

The liberalized ambience shall also mean opening up of the markets and free flow of product, people and technology. This would mean increased awareness and ability of options for business.

iv. Lesser Controls

The new liberalized ambience would also mean simplified procedures and lesser interference by the Government, thereby making the enterprise more autonomous and self-sustaining.
v. Liberalized / Educated Workforce

The workforce would more mobile and because of the higher level of skills and training. Their expectations from the employers would be different from those have been in the past.

vi. More Demanding Customers

Awareness of options available and competition among the suppliers for marketing their products offering better features at lower prices with quality and after sales support would become the hallmark of competition. With customers becoming more educated and ware, the enterprise will have to match the expectations of the customer for survival. It is the customer or user who would regulate the market and determine the viability of the enterprise.

HOW ARE INDIAN ORGANISATIONS RESPONDING TO THE GLOBAL CORPORATE SECTOR TRANSFORMATION

a) AIMA STUDY

The All India Management Association (AIMA) has recently conducted a survey to address the issues emerging from liberalization and globalization. Organizations representing the public, private and joint sectors in a variety of businesses belonging to various groups were sent a structured questionnaire, which was required to be filled up by the Chief Executives of 1,200 organizations. However only 71 responses were received. A brief review of the study reveals the following:
I. Principal Issues Studied:

The following principal issues were studied:

i) Strategic changes in enterprises after the economic reforms,

ii) Impact of liberalization on industry segments and organizations within those segments,

iii) Changes in workers' productivity after the reforms,

iv) Assessment of surplus labour and constraints faced in reducing the work force

v) Action taken on internal training in the last two and a half years and

vi) Expectations from the government on policy and resource support in the adjustment process.

II. Findings of the Study

The study revealed the following findings:

i. Organizations in the sample have reached very well to economic reforms.

ii. The respondents believe that Indian industry has been changing for the last five years. Individual organizations have not changed so much in the past two and a half years.

iii. Industry is becoming more capital-intensive and less labour intensive.

iv. There is increased emphasis on R&D, setting up of quality circles and small business units within the organization since the liberalization.

v. Recruitment at the worker levels has been reduced.
vi. Emphasis on providing more training inputs to employees.

vii. There is surplus manpower but organizations lack special programmes to deal the issue.

viii. Noticeable changes in the work culture.

ix. Workers becoming more quality conscious and cost conscious.

x. Industrial relations have improved

xi. Need felt for introducing new technologies.

xii. More financial investment needed.

xiii. Workers and trade unions have responded positively to economic reforms, organizations have accepted new technologies and are concerned about cost reduction, training and retraining of workers.

xiv. Managements are providing congenial work environment.

xv. Worker participation and communication with workers has improved resulting in higher productivity.

xvi. Labour legislation, trade unions and financial problems are major constraints.

xvii. Managers and executives get more training inputs compared to workers. Amongst the workers, white collar workers get the least inputs.

xviii. There is a feeling that government should increase its budget for education, vocational training, and technical and management skills.

xix. Organizations expect fiscal benefits for spending on training.
III. Conclusions of the Study

The following conclusions were emerged out of the AIMA study:

i. Strategic thinking by enterprises is essential. They have to consider the economic environment and develop focus in their business, and improvement in work culture, worker quality and in the results in terms of productivity, quality and cost reduction.

ii. Product design and R&D are important actions: The dilemma of capital versus labour intensity is being resolved by many by choosing capital intensity and automation only if labour cannot do the job. This is to be balanced with the need for optimal work force sizes, and future labour.

iii. Liberalization has enabled companies to spend more time and attention on their illnesses. The better ones have improved and empowerment of workers.

iv. The lack of “Exit Policies” has not hindered many from closing parts of their illnesses, take-over by others, and merger in some cases.

v. There is surplus manpower even in the private sector but there is no clear plan on how to tackle the problem.

vi. Selection procedures are improving but not as rapidly at the worker levels as in the recruitment of managers. This has implications for work quality in future.

vii. Recruitment at work levels has been far less that at managerial levels. Clearly the skills base in companies is improving. This is an important element in preparing for facing international and domestic competition.
viii. Work culture, and worker and trade union attitudes are far more positive and identified with future growth and well being of the enterprise.

ix. Companies are overwhelmingly confident that they can face international competition successfully.

x. The work environment is becoming more participative and this may be one of the key reasons for better worker response to quality and cost improvement programmes.

xi. There is general improvement in productivity, which explains the reasons for the confidence in facing competition mentioned earlier.

xii. If productivity does not improve it is because of inactive and your management. Labour legislation is an impediment to developing plans to tackle the problem of surplus labour.

xiii. Companies have tended to hold down worker recruitment. They have managed by using contractors for many jobs, using consultants and contract labour for peak periods.

xiv. Training is a key input in improving performance and adapting to new technologies. However, office staff has received relatively less attention. Managerial staff gets maximum training inputs and expenditure, followed by factory and field staff.

xv. Managerial appointments are still overwhelmingly from internal promotions, some extending from graduates to non-graduates as well, with training inputs. This is one way to build organizational loyalty and commitment.

xvi. Managers would like government to pay special attention to population control, school education and vocational training.
Attention should also be paid to professional / technical education and all higher education but to a lesser extent. This emphasis on improving entry level worker quality, improving basic skills and retraining would give the competitive edge.

Almost 90% of respondents suggest fiscal benefits for training, a suggestion meriting serious consideration in the context of the considerable redeployment of labour that must accompany industrial restructuring and the technological changes.

b) IIM AHMEDABAD STUDY

The IIMA study revealed that the corporate sector is facing the following challenges:

- Maximizing sales, productivity and growth
- Customer satisfaction and quality of service
- Maintaining growth and position as market leader or in terms of market share.
- Reorganizing to keep abreast of changes and creating viable plans to cope with changes.
- Becoming more professional
- Indigenization
- Technology and machinery up gradation.
- Competitiveness in terms of the product and cost
- Export
- Quality and ISO 9000 certification
- Surviving in a liberalized environment
- Attracting and maintaining good and competent people
- Innovation.
• Systems improvement
• Cost reduction
• Globalization

Difficulties and blocks in changing

The IIMA study revealed that the following difficulties are coming in the way of transformation:

• Slow perception of changes in the environment due to lack of effective information systems.
• Lack of employee commitment to learning.
• Resistance to change due to perceptual gaps.
• Lack of long terms perspectives in solving problems or making plans.
• Lack of investments in developing employee competencies and motivation.
• Prevalence of sectarian viewpoints and absence of group ethos.
• Absence of learning mechanisms.

Emphasis Required

The IIMA study also revealed that the emphasis required for effective transformation is on the following aspects:

• Productivity
• Quality
• Efficiency
• Effectiveness
• Technology
• Speed
• Customers and customer delight
• Skills development.

c) ACADEMY OF HRD ROUND TABLE

In a Round table organized by the Academy of HRD and the Delhi Management Association (DMA) to look at HRD Implications of Restructuring the following points were emerged:

ISSUES
i. Orientation

Business restructuring some time requires changing the orientation of the entire organization and its people. The challenges faced by organizations going in for restructuring, deal with bringing professionalism and professionalization into the organization; inculcating an internal as well as external customer-orientation to enhance customer satisfaction, creating an orientation towards efficiency and effectiveness, creating quality orientation, creating new orientations for the existing roles (role flexibility) and getting employees to become better planners.

ii. Culture Building and Culture Change

Business and organizational restructuring requires creation of new cultures and involves change in the current culture. A paradigm shift is required. The mind-set of employees need to change. How to bring such a paradigm shift? How does one de-bureaucratize? Developing an entrepreneurial culture with flexibility and fast decision making, building team work and collaborative culture and building on the past are some of the challenges faced by industry in the restructuring process.
iii. Leadership

Leadership was found to play an important role in restructuring. Visioning enhancing accountability, empowering employees through delegation of power, institutionalization of practices are the issues thrown up in the ring process.

iv. Capacity Building

Business restructuring requires building new capabilities of individuals, teams, unit's inks as well as the entire organization. Experiences shared in the conference that organizational learning, building of core competencies in the ion. Building creativity and entrepreneurial capabilities at all levels, cross functional learning and strengthening the workers and their unions of the dimensions that need to be looked at in the restructuring.

v. Implications for HRD Systems

The experiences shared indicated that restructuring of one form or the other has HRD. While restructuring involves creation of more enabling HRD systems, systems seem to come under focus in the process of restructuring:

1. Work and career system including performance appraisals, career planning and career paths.
2. Development systems including training, rotation and team building exercises.
3. Culture systems including reward systems, communications and other practices including rituals.
What would be the Focus of Human Resource Management in a Liberalized Ambience?

- HRD to become an integral part of business
- Empowerment of employees
- Focus on productivity through team effectiveness / building
- Dynamic / flatter / matrix organizational structures
- People Sensitive management practices and style
- Management of the changing work force-skill/sex/turnover
- Managing the changing work-diversification-change of priorities
- Combating and efficient use of information technology
- Strengthening organizational communication
- Greater focus on the Man-machine interface
- Institutionalizing employee involvement
- Sustaining individual effectiveness through performance feedback and counseling.

WHAT WILL HRD PROFESSIONALS BE EXPECTED TO DO?

- Intervention for organizational restructuring.
- Human Resource Planning & transformation
- Longer weekends
- Part time employment
- Outsourcing
- Multiple skilling
- Sensitization for / Interventions for and developing systems
- Quality, productivity, cost effectiveness
• Strategic planning
• Management of change
• Reception of environmental signals
• Technology up gradation / absorption
• Coping with hostility
• Willingness to deal with complexity
• Global operation – expansion – networking
• Participation-involvement
• User-customer-end-product
• Team building
• Speed of action – shorter reaction time
• Empowerment
• Job rotation
• Growth and development
• Succession planning
• Appreciation for productivity, quality / cost, innovation
• Retraining and retooling – skill up gradation – learning – self renewal
• Review of organizational health

The economic reforms initiated by the Government of India have had a major impact on Indian industry and is going to make a major contribution to the changes ‘organizations will have to incorporate to manage the change.

In the new liberalized competitive ambience, where multinationals and other global players will compete in the domestic markets with monopoly players of the past managements will be expected to be much
more productive and efficient for survival. Here the Resources Management will assume a distinctive role since employees will major contributions in productivity, efficiency and customer satisfaction, actions will have to give human resource management a status which may be envied by technical and support functions.

HRD would have to be seen as an integral part of management and business and there would be need for integrating line and staff functions for better co-ordination. Organizations will have to be people-oriented and the policies, structures, programmes will have to be human centered.

**HRD STRATEGY IN THE NEW DEVELOPMENT CONTEXT OF STRUCTURAL ADJUSTMENT.**

The dismantling of the centralized planned economies and the wave of economic structural reforms, have moved the world from a structured tracheotomy into a relatively more homogenous single entity, which is more flexible, more interactive, albeit afflicted by disquieting disparities. Aberrations not with standing, the processes of globalization are on Globalization has become the buzzword. However, it signals different things to different people. It is more perceived than defined precisely. Nevertheless, four components seem ubiquitous.

i. Global interdependence in goods and services,

ii. Widening horizons of trans national corporations (TNCs), and

iii. Free mobility of capital
Structural Readjustment Policies

The process of globalization is the product of structural adjustment dynamics. It has been the mainstay of new techno-economic policies in over 70 percent of the world. In fact, no part of the world remains immune from the impacts of these policies.

Structural readjustment is both the symbol and instrument of the rollback of the State, which had become all too pervasive for the last half a century. The specific action areas are:

- Deregulation
- Privatization
- Import liberalization, of goods and services including technology
- Freer flow of capital
- Internationalization of exchange operations (free convertibility)

These manifestations of the policy mechanisms have led and are likely to lead to a deeper penetration of the HRD profession into the new global techno economic scenario.

Elements of Globalization

Globalization of the 21st Century, is not confined to the four national parameters. The phenomenon today (and expectedly tomorrow) presents a set of six new elements:
• Cross-breeding and interfacing of technology
• Dismantling of the cross-border barriers, transparent and not-so transparent
• Emergence of new engines of change, information technology and electronic highways
• Knowledge as the principal and mobile source of value
• Transformation of the role model and mindsets of the stockholders both at the macro and micro levels and
• Quality as a component distinct from physical change in organization management and development.

The Dynamics of Global Forces

In brief, with the near global sweep of mercerization, accentuated by the GATT accord, a new world economic order is emerging from introvert insulation; economies have entered the international mode. The dichotomy between the two worlds i.e. industrial and developing is fading, with the emergence of Multi National Companies. While models of development continue to be highly variable. Transnational are making quick moves adopting a variety of strategies, ranging from outright acquisitions and mergers, to strategic alliances and strategic market entries.

Obviously, the transformation is not confined to macro-level policy decisions. It has penetrated in to the micro systems and engulfed all, from policy designer at the macro-tier to CEOs and workers.

This calls for interlocking of management models and mechanisms, which will secure to the developing economies the benefits to
technological advances and to the transnational on the freedom to operate in the new ambience. To be effective, the transformation will be both multi-variety as well as a reciprocating mechanism.

The process of globalization has been brought about by environment reformation – physical, social, cultural, economic and technological. The manager is a complete social entity not a mere profit-seeking individual despite the post-liberalization focus on profit. Says Kemichi Ohmae (The Borderless World, 1990):

“'In the garden outside my home in Japan, I grow my favourite mix of plants and flowers – that is given the kind of soil I have, the exposure, the light, the extremes of temperatures I get lots of advice, of course, but no green thumbed expert had yet tried to convince me to lay out a bed for flora indigenous to desert, arctic tundra, or tropical rain forest. They would not grow in Tokyo, and no one would expect thorn to”.

But human beings are not plants. Not even work culture is spatial, geography-specific. HRD trainer belongs to a mysterious tribe which knows the technique of transferring a skill born in Osaka to an unknown place in Zaire and work culture germinating in Paris to the work-place in Pretoria.

INDUSTRY STRATEGIST, (New Delhi, May-June 1994) has expressed the view, which is not wholly in contradiction with the story of the Economist:

“'Yes, there is no dearth of management fads in management science (and practices) but it is some of these fads which have kept the
profession of management alive, vibrating and productive. But for these fads and borrowings from other disciplines, management would have remained barren. The fads make it colorful and it provides inspiration to charter pastures new.”

INDUSTRY STRATEGIST goes on to explain about HR transformation:

When re-engineering is seen in its fragmented component approaches or techniques, there is nothing new. For that matter most management tools are like that. Re-engineering does deploy other tools and approaches: but none of this is Re-engineering. It is a technique, which calls for a total analysis of the structural dynamics of the management with an intent to restructure them for identified organizational goals. When you take this fundamental to the fore, you are undoubtedly left with fragments which are age-old, but not necessarily absolute to your analysis and organizational development, and your discover a few methodology to improve productivity and ROR (return on resources).” A few examples of the new areas:

- HR Quality management (TQM or whatever)
- HR Management by information technology
- HR Re-engineering
- HR Organizational designing
- HR Strategic alliances
- HR Strategic management
- HR Technology transfer
- HR International contracting
- HR Negotiating skills
- HR Communication skills
- HR Operating paperless office
- Electronic mail and highway
- Database management Implication for HRD
- HR Information Systems

The human resource is the ubiquitous factor and the HRD processes have to deal not on individual quadrant, but the total product that does global restructuring and transformation, the kind, which is envisioned here, demand from HRD?

First, induction and assimilation of the HR – mark HR – global concepts and practices. Second, unfreezing of the old mindsets of the strategic planners and practices. Third, composition of a new environment is consistent with international practices. Fourth is adaptation of the international practices and tools to domestic conditions. In the wake of this starling transformation, HRD has itself to be transformed to bring change in its structure and behaviour:

THE CONTOURS OF CHANGE

The change for HR transformation, basically, be in five directions:

- Vision
- Content
- Design
- Delivery
- Deployment
There will be at least six-dimensional strategies to achieve this:

- Need analysis and forecasting
- Constraint analysis
- Interdisciplinary interaction
- Deployment of information technology
- Use of telecommunication technology
- Research (conceptual, exploratory, action)

Now when teleconferencing is the technology used, the communication skills of a classroom resource person has to undergo a thorough body metamorphosis. The art of speaking and communication language was a component of trainers' training; it must now focus on the skills of a teleconference designer and modulator.

To achieve this, there are multidimensional HRD practices to be evolved. The change will have to involve at least six directions:

1. Unfreezing of the old mind-set or detraining
2. Retraining
3. Skill formation
4. Attitudinal change
5. Structural and organizational change
6. Discovery and assimilation of new tools

The HRD resource technician has done it in the past. He can do it in the future but not with the same mindset, the same tools, the same technologies.

The three prerequisites of change, therefore, are: a) technology assimilation, b) change in management or work styles and c) functional
networking. The three major aspects will be skill upgradation, modulation of work culture and re-patterning of behaviour systems. It will call for a three pronged attack; institutional expansion, operational innovations and intersystem working models.

The involved mechanism will focus synchronously on detraining and retraining for exposure on a new generation of technologies and organization systems. Changing old mindsets is the most difficult to engineer- and re engineer – and will demand training skills of the highest order. Where to find such skills, is a critical question in the developing world. How to deploy such skills, will be an even more complex operation. This will need remodeling, re engineering and redeployment.

The HRD innovations shall, therefore, have to be aimed at cross-cultural and multi-disciplinary interaction and cross-border development. Signals need to be identified for forecasting a futuristic configuration and a model evolved for optimization within, and for the target areas.

MANAGING PEOPLE IN THE RESTRUCTURING PROCESS

The restructuring process in many enterprises and business branches, goes hand in hand with a downsizing of the work force. Managements cannot load the responsibility for unemployment on to the shoulders of politicians, bureaucrats and professors of economics in universities and business schools. It is high time that the entire society as such begins to rethink the working lives of tomorrow: what will be working for the present and what will be working for in the future’. ‘How much and how long will our children work tomorrow’. ‘Should our children learn what they like to learn or that they need to learn in order to secure their future? Where can they find work? What are the work requirements of tomorrow? Should they earn as much as we have
earned during our working lives? Will the next generation be able to find work at all? When should they start working and when should they retire?

1. It would be a social and economic illusion to think that future generations will not have to deal with personnel restructuring and downsizing processes. Personnel redundancies will be increasingly found on the agendas of board meetings.

2. Personnel reductions can never be called Immune, but it lies in the power of people-in particular in the power of managers – not to let them turn into inhumane processes.

3. There are many viable alternatives to retrain the people redundant e.g. retraining, job sharing, part time and temporary work, rearrangement of working time, telecommunication, abandoning vested rights such as salary and wage increase, or steadily increasing fringe benefits.

4. Unemployment represents the most expensive, most uneconomic and most unintelligent means of reducing working time. The dilemma of unemployment cannot be solved by merely reducing the time worked, but by increasing the productivity of all resources involved in the process of generating human value.

5. Employees, who are losing their jobs or have already lost their jobs, need all the help, society can afford in order to reintegrate them into the working process. Frequently management would be overtaxed by doing this type of job. Managements have to focus on future challenges and business opportunities.

6. Employees who can keep their positions in a restructured organization need managerial attention and professional help. Organizational tasks do not disappear from one day to another. The most essential aspect of restructuring an organization lies in
the positive redirection of the human resources. They need three new points: vision, clear strategic and operational objectives, credible leadership and guidance and structure that are capable of surviving the emerging organizational challenges, but most all. Living corporate culture that is capable of learning and willing to continuously revive itself.

7. We will have to learn our lessons from the critical economic situation we are living in presently: The challenges of today and tomorrow for employers and employees, politicians and economists are not limited to micro-economic principles of our own organizations. The future of our organizations and the success of our labour, depend on the creative and innovative amalgamation of an efficient and stimulating macro-economic framework and a corporate initiative borne by managers and employees.

QUALIFICATIONS SUFFICIENT – FOR THE FUTURE OF OUR WORLD IN THE TRANSFORMED SCENARIO

In our world of increasing international competitiveness, overproduction, the globalization of markets, the demand for competitive goods and services is increasing. In view of shortage of resources, we have to rethink about the human inputs with professionalism to improve the quality of goods and services by cutting the cost of inputs and improving the technology.

The working environment of today and tomorrow has to give freedom to the people, able and willing to work. We have “to be willing” to do the jobs we are asked to utilize our individual talents and education, personal experiences and strengths. This will require a complete rethinking or reengineering of our organizational working process which
up to now, has only been defined by the relation between position requirements and personal qualifications. The paramount objective of the last hundred years was to optimize the work flow determined by the individual worker, in order to achieve the maximum productivity. The decisive objective of the next century will be the optimization of all resources, in order not to destroy them, but to lead them to a sustainable growth for the benefit of the human race in the west and in the east, in the north, as well as in the south.

Re-engineering the privatized SLPEs always has to start with the re-evaluation of the strategic objectives. Questions of their future role in changing markets, of their significance in new economic regions and their meanings in a new socioeconomic world order are essential for their survival. As long as management and workforce are not willing to see the need for this reorientation of their activities or as long as they grope in the dark about these new directions, the restructuring and renewal process will be worthless. Well intended beginnings will soon reach the brink of organizational disaster before they have even thought of the necessary steps of implementation. Without a restated, a redefined or a newly designed mission adapted to the beginning of the new world of the second millennium, organizations fail to gain their momentum to defend their market competence.

A NEW TYPE OF MANAGER

The restructuring of specifically state-owned profit oriented, as well as non profit-oriented units essentially needs restructuring of the ownership. Restructuring managers speak too often about small and big,
first and second privatization processes and too little about the need for retraining the work force and re-educating the managers.

Traditionally oriented vocational and management training as an essential part of personnel development, has to be redefined in order to fact these challenges and to meet the needs of a new learning organization. Corporate training institutions and business schools cannot solve problems of today and tomorrow with yesterday's models and approaches.

The managers and leaders of today and tomorrow need more than their functional and professional know-how, which can still be considered as their fundamental credentials to do their jobs and accomplish their objectives. However, in a period of worldwide structural changes, they require more efforts than during previous economic recessions – individual know-how about organizational behaviour, other business functions and general management, i.e. the knowledge of how to formulate strategic visions, how to structure their organizational components according to these objectives and how to create a positive corporate culture, in order to reach these organizational objectives together.

This process of tuning strategies, structures and corporate culture for enhancing and optimizing organizational effectiveness, is an ongoing and joint activity, between all business partners and stakeholders. Continuous political and paradigmatic - changes in our society, the technological development and the process of growing ecological awareness, illustrate the necessity of permanently revisiting and re­evaluating the interaction of these organizational components.
The world of human resources will change dramatically in the coming decades, but the adjustment to new organizational needs, new technologies, new market realities and new products, will happen much slower than the development of those factors.

All signs point in the direction that organizations will have to achieve higher productivity in order to maintain competitiveness for their long-term survival, i.e., they will have to add more value to our world with fewer resources, than they did in the past. This process will lead to the disappearance of many jobs of today and generate many more new, but different jobs in the near future. Countless positions at all levels of middle management will be scrapped by organizational restructuring needs.

At the same time, industries will produce more than needed for ever growing markets. Human and other resources previously employed by military productions will increasingly be set free by those industries. Job losses and subsequently unemployment, will not only a cyclical experience by specific groups of people, but will become part of our lifestyle. The generation of tomorrow will have to abandon the idea of lifelong employment and will be offered the opportunity to change jobs five to six times during their working lives. The people also acquire new skills and technical competencies so that they can transform their jobs from life time employment to life time employability. This human resources scenario is part of the internationalization and globalization process and therefore, requires a higher flexibility and comprehensive mobility of all the stakeholders, involved in the working process.
Internalization of our socioeconomic activities will also lead to a continuous redefinition and balancing of our world’s economic areas.

It can restructure companies and economies in the West by motivating people to high performance without letting two thirds of the world population sharing the benefits of this process.

Restructuring enterprises and their human resources without considering this macrocosmic context would mean to plant a palm tree in the Arctic. New world of our human work raises new questions, but offers many more solutions. New employees and managers without national and cultural border will contribute a new dimension of human work and employment.

Women have entered the work force and will do so increasingly in the future. The organizational search and drive for total quality in all areas of manufacturing service and information has only just begun.

**Empowering People**

Empowerment means sharing responsibility and power at all levels of the organization, and helping people to develop, enabling them to innovate, take and make independent decisions to satisfy the needs of customers, internal or external to the organization.

Empowerment energizes the work force helping them to translate their visions into empowered employees and realize that the jobs belong to them. Employees feel very responsible and take greater initiative. Empowerment builds employee’s self-esteem. Empowered employees contribute significantly to enhanced quality and quantity of work, leading
to better professional performance, increased customer satisfaction, and greater market. Empowerment occurs at three levels, at the individual level, at the team level and at the organization level.

Organizational structures and bureaucratic style of working and managerial style, have reduced the individual employee to the status of a cog in the machine and he feels absolutely helpless. Consequently, he solely depends on the power of the trade unions. Therefore, empowerment at the individual level is necessary.

As the quantum of responsibility with an individual increases, he experiences empowerment. There is always a limit to what an individual can learn all by himself. After individual empowerment it is also possible to give responsibility to a group of people, when they make decisions on their own with greater degrees of empowerment.

Team empowerment holds more promises for the organization than individual. “Self-Directed Work Team” (SDWT) is one of the approaches to team. Self-directed work teams lead to an improvement in productivity and employee satisfaction and reduction in absenteeism. Just as empowerment transcends from the individuals to teams, it can transcend from team to the organization as a whole. When empowerment expands outside the empowered team involving decisions that affect the organization as a whole, organizational empowerment takes place. In the Indian context, the liberalization of the industrial policy in July 1991 is a move towards organizational empowerment and HR transformation. In the global scenario, general Electric (GE) and Glaxo present the best examples of organizational & HR empowerment. GE changes the corporate office’s role from ‘checker, inquisitor and authority figure’ to
"facilitator, helper and supporter" of field units. The 'Integrated Diversity' philosophy of the CEO (Jack Welch) gave a high degree of autonomy to the units while reflecting the GE perspective. Glaxo gave their subsidiaries, their product, capital and most importantly, the authority to build their business as they saw fit. Their philosophy was 'think globally and act locally.'

Empowerment will flourish when problems are confronted, mutual obligations and commitments are honoured, freedom is given to take decisions and act, team spirit prevails, and an innovative approach is encouraged. Confrontation, Trust, Autonomy, Collaboration, and Experimentation would therefore have positive correlations with empowerment.

ROLE OF ORGANISATIONAL STRUCTURE IN HR TRANSFORMATION

Organizational structure influences empowerment which is promoted when
(i) Authority commensurate with responsibility at the level of implementation;
(ii) Relevant information is available to these with ease and
(iii) Good coordination exists among the desired individuals/roles/at the implementation level.

Over the years, several kinds of organization structures have been developed. Line structure is good for small centralized organizations, dealing with a few services. Divisional Structure is appropriate for large decentralized organizations dealing with several products and services. Matrix Structure is suitable when constant coordination is necessary among functional departments.
Whatever be the type of organizational structure, empowerment can be enhanced by the following techniques.

i) Role Analysis:
   To identify new roles required, to eliminate redundant roles, and to redefine the existing roles, so as to improve inter linkages among roles, role efficacy and organizational effectiveness.

ii) Cross Functional Teams (CFT):
   Representatives from various functions that are relevant for the mission are grouped together to function as cost functional team (CFT) and short-term and long term goals objective of the team are fixed. Quality Improvement team (QIT) is an example of CFT. International Quality Management System: ISO 9000 also promotes CFT.

iii) Self-Directed Work Teams (SDWT):
   Empowered to share various management and leadership responsibilities, Self-Directed Work. Team involves all of the employees (typically 12 to 15 members) in a specific area, or those working on a specific product or process; they set their own goals, plan and control their work, inspect their work and improve their own work processes, and do many other things that are normally done by their supervisors.

REDESIGNING ORGANISATIONS FOR HR EMPOWERMENT

Organizations can be redesigned for enhancing empowerment in the following three ways:
i) Flattening or Delayering the organization;

ii) Formation of Strategic Business Units'; and

iii) Redesigning the Roles through ‘Role Analysis’

1. DELAYERING

As the organizations grow or larger, the vertical structure expands with too many levels or layers and employees at the lowest level get isolated from the top. Decision-making in such organizations becomes very slow; and the organization becomes insensitive to customers, markets, and the environment.

Too many layers of management in the organization filter information and pose an organizational barrier, which must be broken according to the ninth of the ‘Fourteen Points of Deming’s Philosophy for Organizational transformation.’

Delayering or flattering the organization consists of reducing the larger number of existing levels to a smaller number of new levels, by combining several existing levels in a common cluster. Flatter organizations make information flow and decision making faster, providing greater opportunities for increasing number of people to take on management i.e. leadership and consultative functions, making experience greater empowerment, resulting in greater sensitivity to markets, and the environment.
2. Strategic Business Units (SBUs)

Business restructuring can take place by creating SBUs each with its own management structure, culture, markets and financial accountability. This restructuring has a profound impact on empowerment. TVS Group, for example, has gone in for formation of manufacturing cells in their organization. Each cell is an independent profit centre, specializing in a product or related products. This is a shift from the earlier "Process Layout" to 'Product Layout'. This cellular concept would be "Strategic Production Units" (SPUs) (when the service department is attached to each cell) and finally into Strategic Business Units.

3. Role Analysis

This is a powerful organizational technique to increase the efficiency of roles of HR in the organization. Expectations for each role are finalized after resolving all differences between the ‘role occupant’ and ‘role senders.’ Role analysis also identifies ‘Critical Attributes’ or main qualities needed for each employees role. Based on a comprehensive role analysis exercise in the organization, redundant roles need to be eliminated, required roles created and ineffective roles redesigned. ‘Role making’ takes place through role analysis and the role occupant feels empowered; he can influence his role, his peers’ roles, and even his boss’ role. Role analysis improves not only the vertical but also horizontal communication and results in role clarity and inter-role linkages.
A number of organizations, such as Life Insurance corporation, Indian Oil Corporation, etc., in India have carried out comprehensive role analysis and redesigned organizations. 777 Limited Companies have also undertaken role analysis of critical roles throughout their companies for effective HR transformation.

HELP PEOPLE ADAPT TO THE TRANSFORMATION

It is important to remember that any organizational transformation is really a change in the behavior of people. Many transformation programs fail because people don’t change other behaviors. Why? There are a number of reasons they do not understand what they are being asked to do: they perceive the transformation as being inconsistent with the culture; they don’t see their bosses supporting it; they have too many transformation initiatives on their plates: there is a track record of failure in change programs, or they feel a lack of accountability or control for implementation. Focusing on the people aspect has distinct advantages.

- Prepares the organization for change and keeps everyone informed of progress by providing information and answering questions
- Lower the risk of panic in the organization by limiting the volume of incorrect information spread through the grapevine.
- Gives senior executives, middle managers, and front line staff the support and confidence they need to make the necessary changes in the characteristics and activities
- Creates support for the change program by introducing incentives for supporters and sanctions for those who resists.

THE FOUR STEPS FOR BETTER TRANSFORMATION

1. Build a two way communication channel with the organization
2. Train the organization in new concepts, ideas and tools necessary for new activities and behaviors.
3. Provide time and resources to make the changes.
4. Offer incentives for successful changes and sanctions for failure, and adapt and align human resource systems to support all changes.

Ultimately, there is no such thing as organizational HR change, there is only individual change. Change is driven by leadership which ushers desired behaviors throughout the company. Thus, it requires building leadership skills at all levels of the organization and providing change management tools.

BUILD THE PROCESS TO INSTITUTIONALIZE THE CHANGES

Making changes a reality means institutionalizing them, so that they become a familiar part of day-to-day existence We find that working the process for transformation as a distinct activity will yield significant benefits as shown below:

- Provides a description of what the organization is doing to achieve the shared vision
- Creates rigorous decision making standards that require all projects to link to and support strategic objectives.
• Identifies the key tasks, milestones, timing and responsibilities for each initiative
• Arms senior management with a attacking tool to monitor progress against corporate plans and initiatives
• Allows senior management to make timely interventions to remove blockages and manage risks

THE FOUR STEPS:
1. Make the plans to co-ordinate the transformation,
2. Track progress against the plans, and address any potential blockages or risks,
3. Maintain consistent message from Senior Management, and
4. Celebrate progress toward vision

The assumptions necessary to achieve real change are vision, and architecture consistent with achieving the vision, and great leaders who set the tone and energize their followers.

It is essential that leading corporations manage these three elements of vision, architecture and leadership coherently and completely. Two out of three won't do. If the company is missing the vision and strategy but has the architecture and leadership in place, there is no focus and the company stumbles from one initiative to another without a clear direction. A company with a good vision and leadership model but an incoherent business model or architecture has no process for implementation.

By looking at any large scale change programs, we see how much effort and how much time they take. We would be foolish not to acknowledge that it will take a good deal of time and concerted effort to
shift a large corporation from the dusty and antiquated model that has been its home for so long. It will not be easy or entirely painless, there will be some hard edged resistance. No one likes to leave the familiar, even if the aging porch is sagging and the ceiling has begun to sprout leaks.

TRANSFORMING THE PRIVATISED SLPE's -
A ROAD MAP FROM THE HR ANGLE

In this scenario of open markets and fierce global competition, there are different options exercised by firms in India for identifying a competitive strategy. The business strategy, which is firm specific, takes into account variables such as technology, stage of product life cycle, brand equity, competition, internal process capability and financial position. However, if observed closely the business direction so developed would invariably reflect the style and culture of an organization - that of the management and the employees. Though not explicitly stated, it is common knowledge that the transformation of any corporation largely relies on the ability of its people to assimilate knowledge, adopt techniques and deliver contemporary global standards of performance. After all, as the current cliché goes, competition is between mindsets.

THE DRIVES FOR TRANSFORMATION

It was agreed that, whilst individual companies may alter their activity focus in due course depending on business exigencies and market dynamics, the vast pool of human resources of the Group needs to be made more productive in an order of magnitude terms to address
emerging new competition. The considered opinion was that synergy is feasible and would facilitate the transformation at the group level. This has since assumed priority but as can be expected, there are issues, surmountable through.

The HR processes and strategies pursued by the sample companies revealed the following:

1. The HR processes and the culture of individual companies have evolved over the years and reflect the nature of businesses and the locations in which they operate. Consequently, they are desperate, rendering a group view difficult.

2. Systems in terms of norms and performance assessment are less rigorous in some of the companies as compared to present trends.

3. Knowledge, skill and ability of employees have been firm specific but compatible to the best in the respective industry segments.

4. Awareness level is high in general across the Group as regards competitive Benchmarking as well as modern management techniques. However, application of contemporary practices has not been consistent in many of the firms.

5. In many of the companies, employees have grown with the company and a deep sense of loyalty and belonging exists.

6. The average age of key operating personnel is noticeably, high – has both positive and negative connotations

7. Productivity on the basis of competitive benchmarking indicates good scope for improvement.

8. Implementation of IT driven processes are slow in relation to present general trends.

9. Inflexible trade union practices pose difficulty in enforcing productivity in various forms, unions are also less supportive to
management actions even by current industry trends – this has a ripple effect on many management initiatives in this regard.

10. Market recruitment by respective companies is in vogue and career growth opportunity for people is confined to their respective companies.

REVIEW OF LITERATURE

While there is some literature on the functioning of Central Level Public Enterprises (CLPE’s), there is hardly any literature or even statistical information concerning the functioning of the state level public enterprises (SLPE’s). Further, the studies that have so far been conducted in respect of the management and functioning of Central Level Public Enterprises (CLPE’s) have largely attempted an analysis at the macro level. Furthermore, the studies for the mostly part have been pure observational or experience – based and are marked by a conspicuous lack of any systematic attempt to analyze the functioning at the ‘Firm’ level. However, some of the important published literature in the form of articles, report and studies on PE management in particular are presented below:

J.D. Singh¹ in his study, attempted to analyze the pricing policies and evaluate the implementation of these policies in PEs of the country. He concluded that it is not feasible to work out a pricing procedure for all PEs operating in the country, as they are engaged in divergent nature of operations.

The Krishna Menon Committee² on state enterprises reports that consumer prices have to be based upon general market prices and other
factors as well. The decision as to what economy in cost has to be passed on to the consumer on the one hand and what should benefit the taxpayer on the taxpayer on the other.

Kotler and Sidney J. Levy\(^3\) in their contribution to the functioning of PEs pointed out that the PEs should streamline their functioning so that prices of their products are competitive in the market. They also stated that prices in PEs operating in monopolistic situation should take realistic assessment of cost based on optimal utilization of capacities and resources.

Administrative Reforms Commission\(^4\) (ARC) study on performance evaluation of public enterprises, argued that a set of given criteria for evaluation of performance of PEs cannot be applied to all, because, each PE has a specific purpose to serve. Therefore, performance evaluation will be more meaningful if this is attempted at an individual unit level. The ARC observed that the PEs are owned by Government does not mean that they have to be run by the government. The efficiency of top management is the decisive factor in the success of any enterprise.

Kapoor and Singh\(^5\) in their study on marketing planning in Indian companies concluded that, marketing was already recognized as important function in PEs. The PEs have engaged the management consultancy services and advertising agencies when they launch a new product in the market. They also pointed out that the PEs are lagging behind when compared to private enterprises. One of the main reasons for poor performance of PEs is that the marketing function in this sector is not performed in a systematic manner.

The Committee on Public Undertakings\(^6\) (COPU) report on National Textile Corporation Limited (NTCL) remarked that marketing
and sales in NTCL were not organized well. It recommended that competent and qualified personnel should head the Marketing Division in NTCL.

The Committee on Public Undertakings\(^7\) (COPU) on Indian Tourism Development Corporation (ITDC), recommended restructuring of ITDC to explore the market abroad. The Committee noted that the ITDC was adversely affected by lack of direct sales outlets for aggressive marketing for its services and suggested that opening of sales offices in important places will benefit ITDC.

H.Venkateshwarlu\(^8\) in his study on “Marketing Management in Public Enterprises” is of the opinion that, marketing divisions are not well organized in the state level Public Enterprises viz., Allwyn, APSSIDC, RFC and APSRTC. The lack of better organization of marketing divisions has led to serious difficulties, such as coordination problems. The marketing divisions have no status in selected PEs except, Allwyn. The study also reveals that the marketing information system (MKIS) in selected PEs is weak, and also states that the selected PEs are not inclined to conduct any market research studies. He further states that, the PEs need to state their marketing objectives in quantitative terms. It would go a long way in planning for effective marketing strategies.

Laxmi Narain\(^9\) opined that the PEs should develop corporate plan, which indicates over an appropriate time horizon, the growth and investment plans, the product development diversification strategies, based on proper market survey and integrate the planning and organization of inputs of finance, manpower and equipment etc. He observed that, PEs are increasingly becoming aware of their responsibilities to the consumer, it is now a question of their survival. What is needed is market orientation at all levels. The entire enterprises
must be viewed as a customer creating and customer satisfying organization. This takes a long time to come. He also pointed out that most of the PEs are assured of their continuity and survival. They may not always feel adequately concerned and disturbed by the heat of the competitive market, as most of them cannot go insolvent. In certain states theoretical and empirical studies conclude that in mixed economies, PEs are less efficient compared to their counter-parts in the private sector. The reason for inefficiency is mainly attributed to, the multiplicity of objectives, lack of clearly specified targets, the form of PE ownership and the structure of the market in which PEs operates.

The Standing Committee on PEs\textsuperscript{10} noted that “marketing” is one of the weakest areas within the PEs. In the PEs as studied by the Committee, marketing organizations were not clear on their own role and areas of contribution. There is hardly any creative marketing activity aimed at providing consumer satisfaction. The committee recommended that orientation of marketing in PEs should be changed from purely commercial or sales transaction to a more innovative and creative function. The committee also recommended that the marketing personnel should be involved actively in corporate planning as well as in forecasting and planning of technologies so that evaluation of the strategy of companies business is in tune with the market opportunities. The committee also recommended that important achievements and contributions of PEs in national tasks should be given due publicity in national mass media.

Khanna\textsuperscript{11} in “Management of Public Enterprises in India” observed that the neglect of marketing function has created an anomalous situation
for the Government and retarded the growth and development of marketing skills in public enterprises. Unfortunately, the public sector has yet to recognize the importance of marketing.

Battacharya\textsuperscript{12} opined that, one of the factors for poor performance of the PEs is low capacity utilization. The market strategy and the product mix are often out of line with the market place realities.

Committee on Public Undertakings Report\textsuperscript{13} on National Small Industries Corporation Limited (NSICL) reported that marketing has been identified as one of the critical areas in which institutional support is required by the small-scale sector. There are major gaps in information such as customer needs, quality control, standardization and optimal production process which need to be bridged.

The COPU reports on Indian Drugs and Pharmaceuticals Limited (IDPL)\textsuperscript{14}, states that the bane of IDPL has been its poor marketing set-up. Its sales in the last three years have been more or less stagnant. The committee recommended that the process of revamping of marketing function should be given top priority, so that the marketing division could work efficiently.

Govindarajan's\textsuperscript{15} study reveals that with regards to marketing, selection of products and even pricing, full operational freedom should be given to the PEs subjected to such guide lines for limitations as Government may choose to fix, from, social or political point of view.

A review of the above mentioned studies reveals that many areas have not been investigated in depth and that some have so far been untouched. But a large number of studies have been conducted in the area of pricing policies and strategies. Here also, the major emphasis has been
on the problems at an aggregate level and that too from the economist’s point of view. Again, there have been very few studies in “Product Policies” and fewer still in the area of Product Planning and Development. Moreover, little attention has been paid to promotion and distribution of products and services.

Strategies in Public sector undertakings, not to speak of such areas like management of the planning system, organizational arrangements, marketing information systems etc., have not been intensively investigated. Significantly, no comprehensive study of the promotional strategies of State Level Public Enterprises has been attempted.

RL Khandelwalls’s (1977) study generally confirmed these findings. He stated that the administrative strategy of relying on internal sources of managerial talent, on decentralization, on the use of human relations and participative management etc was not clear. Further, many a time, it created ambiguity.

R.K. Mishra’s¹⁶ study (1983) also brought out similar findings. He found a positive co-relation between specificity of organizational objectives, centralization autonomy, supportive control, shared decision making, fair rewards and punishment, fair appointment and promotion criteria and free communication, on one hand and different dimensions of effectiveness on the other.

Similarly, a study on privatization of public enterprises was done by Sankar T.L and Y.Venugopal Reddy¹⁷ (1989). They found that the workers and managers will resist any move towards change in ownership, control and even in a competitive environment. There is indeed a human dimension. Managers and workers are likely to resist competitive environment (real or unreal) to the extent it is accompanied by distancing from Government. Managers may welcome the changes (because they
have resolved in favour of quotation in the stock markets and sale of equity up to 49% in their national level meeting in early 1987) Workers, however, will resist to the change of organization in general and HR in particular. The employees on technical or operational efficiency would view the privatization as redundant and it would be costly that cannot be avoided for more urgent purposes including long-term growth and employment generation. Transparency rather than uncertainty will perhaps alleviate that situation.

Lindsay\textsuperscript{18} (1990) did a study, which threw light upon the adversity of privatisation in Australia. His study brings out how Australian government headed by Bob Hawke (2) had overcome the difficulty of launching “test” privatization of small PEs. Although a little progress has been made on privatization in Australia, despite the adverse economic scenario the left party is not finding it difficult to convince the people that the privatisation is the only alternative available to them.

Moore\textsuperscript{19} (1990) did a study, which describes the pre and post privatization scenario in Britain and proposed the ideas, which helped the British government to overcome the problem of privatization. He discussed the need and context of finance in privatization and role in shaping the new founded privatized company.

Mishra R.K\textsuperscript{20} (1990), organized a study “Changing PEs. Policies in India in the 1990s, Some Reflections. He found that each enterprise was directed to formulate its own social safety net comprising VRS and retaining and redeployment schemes for workers. Mobilization of funds, disinvestment and public participation in the 1990s witnessed a severe resources crunch. In Feb. 1990 the coffers of government did not have
adequate money to pay for employees' salaries. This was an adequate hint about the shape of things to come.

Jaya Singhe\(^2\) (1990) discussed privatization campaign in Sri Lanka convincing the people about the government's plan of privatisation required a huge effort. The idea was to launch a publicity campaign. It was three was campaigning. All national new papers carried a series of articles on privatization in all the three national languages simultaneously, on TV, radio to educate the public about privatisation and then after releasing the booklet in the form of simple questionnaire on privatisation, which showed good result.

Douglas, Roger\(^2\) (1993) developed the socio-economic scenario of New Zealand and prepared a draft report which says that through privatisation it is possible to induce competition in PEs, which can be gradually turned into the hands of private party. This he observes, will lessen the labour resistance.

Shanker and Mishra\(^2\) 1993, have conducted a study on 'SLPEs in India: Restructuring for Performance Improvement'. In their study they had taken 39 State Level Public Enterprise (SLPEs) in AP covering a period of five years. In their study they discussed the importance of SLPE's restructuring and how to maintain the efficiencies and effectiveness of SLPEs. They focused on stabilization and structural adjustment programme (S&SAP) within these SLPEs which can mitigate the short run and long run problems faced by them. They set parameters for public purpose, extent of resources mobilization and financial profitability and the second one examined the SLPEs portfolio on the basis of their financial success and market structure.
G.S.Batra and Narinder Kaur\textsuperscript{24} (1995) did a study on Privatisation of PEs - Emerging Dimensions. In their study they found that the challenges in the privatization of PEs (an international comparison) were poor managerial efficiency of PEs. Which has an adverse effect on their performance and found that the managerial weakness of the PEs mainly stems from structural, procedural rigidities and lack of initiative in decision making red-tapism, instability in leadership, weak motivation boss etc. All these factors led to absence of professional management with much political interference, which hindered the enthusiastic managers, which leads to privatisation have taken place and where it could take place. He discussed the emerging trends like using new technology like e-mail, e-commerce, e-governance which have benefited the public.

International Labour Organization\textsuperscript{25} (2000) in its report on privatisation in South Asia – Minimizing Negative Social Effects through Restructuring has stated that privatisation has opened up the possibility of economic democracy with the widest possible participation of the public in the economic activities and that the privatisation efforts have not been without social consequences, particularly when they were rushed without adequate measures for workers' protection. It further claimed that in many countries greater degree of transparency and openness would allow wider participation of the private sector and allows higher levels of economic return, employment and efficiency.

Malathy Knight – John, & Thushari De Zoysa\textsuperscript{26} (2001) in their impact study on infrastructure privatization of Sri Lanka have reported that privatisation had contributed significantly to the Governments fiscal position, improved the financial and productivity performance of the firms and benefited most stakeholders. It is further reported that there is significant weakness in the privatization programme as the regulatory
structures for utility privatization were less than satisfactory and prevented the realization of greater efficiency and distributional gains.

Mishra and Bhat\textsuperscript{27} (2002), conducted a study on privatization, They studied that the decision to undertake policy reforms leading to privatisation among other things is a tough one for the political policy makers. Reforms in PEs and privatisation could be a problem since they could adversely affect the vested interests of various social groups cultivated over a period of time, and important is the worries of public sector employees towards their job insecurity due to privatisation and restructuring.

\textbf{SIGNIFICANCE AND SCOPE OF THE STUDY}

The foregoing analysis on the earlier research studies reveals that though a number of studies have been conducted focusing attention on various issues of public enterprises functioning, there are very few studies relating to privatization of public enterprises. As far as the privatization of A P state level public enterprises are concerned, virtually there is no study conducted so far. As a part of the restructuring strategy, the Government of Andhra Pradesh has embarked upon the programme of privatization, the process of which began in the late 1980s with the first attempt of privatizing Allwyn Nissan at Zaheerabad in 1989 by handing it over to Mahindra and Mahindra Group in the private sector. In the post liberalization period, Hyderabad Allwyn was privatized in 1994 by handing it over to Voltas ltd., in the private sector. A little later in 2002, Nizam Sugars ltd., was privatized by handing over the mantle to Nizam Deccan Sugars Ltd.
No researcher has made any attempt to study these units with a focus on the cultural transformation of human resources that has taken place consequent on their privatization. Hence, the researcher undertakes the present study and makes a modest attempt to fill the existing research gap to some extent.

The study covers the three organizations emerged out of privatization of state level public enterprises in Andhra Pradesh viz., Mahindra and Mahindra (M&M) (1989), Voltas Ltd., (1994) and the Nizam Deccan Sugars Limited (NDSL) (2002). As M&M and Voltas have crossed a journey of more than one decade in the privatization culture under going a transformation from the public sector culture. Nizam Deccan Sugars Limited privatized on 1st November 2002 presents a fresh case of transformation from public sector to private sector and hence there is better scope to study the transformation of human resources during the process and the resultant culture in this organization. Among the organizations selected for study, Mahindra and Mahindra, the earliest privatized unit and Nizam Deccan Sugars Ltd., (NDSL), the latest privatized unit are still existing. However, Voltas Ltd., privatized in 1994 does no longer exist. The unit was closed in 2004 and a final settlement was done with employees by implementing VRS. Though the unit does not exist any more, the researcher covered this unit in his study purposefully to examine the conditions and developments taken place after privatization that led to its closure. Generally, privatization is resorted to when a unit fails to do well in the public sector. It is believed that privatization is the remedy and panacea for all the maladies that exist in public sector. But Voltas presents an interesting case where privatization proved to be a bane as it led to the winding up of the
company after a few years of existence. This development prompted the researcher to become critical of the processes employed to facilitate human resources transformation that should take place in the wake of privatization. This situation aroused the curiosity of the researcher to seek explanations for various issues outlined below:

1. What is happening to the public enterprises after privatization?
2. Are they able to achieve turnaround through the transformation of human resources and efficient management practices?
3. Are they able to have a smooth sail in bringing about effective cultural transformation?
4. Are they really able to improve the methods and processes to make them oriented towards business plans?
5. Are they able to benchmark the best human resource management practices?
6. Are they still haunted by the legacy of public sector culture keeping them on the brink of collapse and failure?

These are all the pertinent issues, the present study addresses itself to. It is in this background, the study assumes a lot of significance at the present juncture of the privatization move initiated by the Government either in the central sector or state sector. It is expected that the study will able to bring to light the constraints and facilitators involved in the structural and cultural transformation that is required in the process of privatization of public enterprises. The observations and recommendations made in this study should be useful to the planners and policy makers at the Government level.

OBJECTIVES OF THE STUDY

The basic objective of the study is to analyze, evaluate and interpret the impact of privatization on HR transformation in the select
organizations. The study has been carried out with the following specific objectives:

i) To study the impact of new economic reforms on Indian public sector undertakings in general and AP’s SLPE’s in particular.

ii) To present a brief profile of the selected organizations

iii) To analyze the issues related to cultural transformation of human resources in the selected units.

iv) To examine various human resource policies and practices adopted by the private sector management and the improvements after privatization.

v) To discuss various HRD practices and strategies adopted by the privatized units in the change management process.

METHODOLOGY AND SAMPLING

a. Data Collection:

For the purpose of this study, both primary and secondary data have been collected and used. The secondary information has been obtained from the government reports, annual reports of companies, newspaper clippings, Internet, impressions of certain persons etc., which were depending on the need and appropriateness. The literature on the subject has been gathered from journals, periodicals, books, reports, web sites, available at different libraries like IPE, British Library, Osmania University, commercial departments and also selected units.

The primary data has been collected from the managers and employees of the select organizations by administering separate questionnaires developed for the purpose of measuring the attitudes and eliciting their opinions on various policies and practices adopted before and after privatization. The opinions of management personnel on several aspects of privatization were taken with an intention of examining the
transformation of human resource management processes in the organizations after privatization to compare with the processes and practices before privatization. The union leaders were interviewed with the help of a schedule that helped in gaining some insights into the working of these organizations.

b. Sampling Framework:

In determining the size and nature of the sample, the total employees of each unit were classified as managerial and non-managerial or workers. Among the managerial employees, the top level and middle level managers were covered. The stratified random sampling technique is deemed more ideal and suitable for selecting the sample respondents. The managerial and non-managerial employees are found in all the departments of each unit and every department has homogenous characteristics in several aspects. Hence, the stratified random sampling method is thought appropriate and hence, chosen for the present study. Following this method, a quota sample of 50 respondents from top management, 100 respondents from middle level management and 200 respondents from the category of workers were taken from each of the selected organizations.

As pointed out already, three separate questionnaires were prepared and administered among the three groups of respondents. The data collection took a little longer time and lasted for six months in the latter half of the year 2006. The researcher did not come across any difficulty in conducting interviews or collecting information from the sample respondents in Mahindara and Mahindra or Nizam Deccan Sugars Ltd., (NDSL) as they were largely available in the organizational premises and a few outside the premises. But with regard to Voltas that
was non-existent by the time of data collection, the respondents could not easily be found or approached. As this organization was closed in 2004 by allowing the employees to go for VRS, the researcher had to struggle hard collecting information about the employees serving the organization by that time and their designations. It proved still an uphill task for him to obtain the residential addresses of those employees. As a result, in choosing the respondents in this organization, the researcher has gone by chance element and accordingly picked up the employees that were readily available. The interviews of these respondents were conducted at their residences with a lot of persuasion and purpose of the study explained.

The data collected from the above sources has been tabulated, classified, analysed and interpreted using suitable statistical techniques. It is expected that the conclusions drawn and the suggestions made in this study would be useful not only for select organizations, but also for the Government in formulating effective policy for privatization of public sector units and also for formulating appropriate strategies for achieving turnaround in the organizations.

PRESENTATION OF THE STUDY

The study has been presented in Seven Chapters. Chapter-I is Introduction that deals with the emergence and growth of public sector in our country and the circumstances that prompted the government to go for privatization through the process of disinvestment. An attempt is made in Chapter-II to provide the rationale for the study, the objectives and methodology. A brief profile of select organizations has been given in Chapter-III. While Chapter-IV analyses the cultural transformation that has taken place in the organizations, Chapter-V seeks to examine the
HR policies and practices. Chapter-VI is devoted for explaining HRD as a tool for facilitating transformation in the select organizations. Chapter-VII provides the conclusions and suggestions made in the study.
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