CHAPTER 6

PROBLEMS AND PROSPECTS OF HRD SYSTEM IN STEEL BASED PUBLIC ENTERPRISES IN KERALA

In the recent years there has been an increasing recognition of the importance of human resource, and as a result the new concept of dealing with the human resource known as the Human Resource Development (HRD) is fast growing everywhere. This concept emphasizes the need for every organization to continuously develop its employees’ competencies in a planned way, and it brings into sharp focus the importance of roles, which employees occupy in organizations. Human Resources take an active role in the modern economic scenario of any country. The abundant physical resources alone cannot benefit the growth of the country without human resource component, which transforms physical resources into productive resources. Present study fulfils this objective by measuring HRD climate in the steel based public sector enterprises in Kerala.

The second objective of this research study “To analyse the problems and prospects of the HRD system in steel based state level public enterprises in Kerala” are detailed below. The analysis was done on the basis of responses of HRD Questionnaire, personal interview with HRD Managers and Officers and depending on secondary data’s like Office records of Administration and HRD Departments of the companies, “A Review of Public Enterprises in Kerala” for the years 2004-05 to 2009-10 published by Bureau of Public Enterprises, Government of Kerala, Copies of Long Term Agreement between Trade Unions and Management, Annual reports of steel based public sector enterprises in Kerala, Standing Orders of these companies.
6.1 EMPLOYEE DEVELOPMENT IN STEEL BASED PSUs. IN KERALA

Details of employee development programmes and expenditures in Steel Based PSUs in Kerala were collected from “A Review of Public Enterprises in Kerala 2004-05 to 2009-10” published by Bureau of Public Enterprises, Centre for Management Development, Thiruvananandapuram and tabulated as given below.

Table 6.1: Details of Employee Development Programmes and Expenditures in Steel Based PSUs in Kerala

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<tbody>
<tr>
<td>1</td>
<td>Training (Rs. in lakhs)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>a) Budget Provision</td>
<td>4.81</td>
<td>2.78</td>
<td>2.27</td>
<td>4.17</td>
<td>7.00</td>
<td>6.55</td>
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<tr>
<td></td>
<td>b) Amount Actually spent</td>
<td>3.439</td>
<td>1.94</td>
<td>1.521</td>
<td>1.84</td>
<td>3.74</td>
<td>3.59</td>
</tr>
<tr>
<td>2</td>
<td>No. of Persons sent for external training programmes</td>
<td>135</td>
<td>74</td>
<td>59</td>
<td>65</td>
<td>61</td>
<td>106</td>
</tr>
<tr>
<td>3</td>
<td>No. of in-house programmes organised</td>
<td>16</td>
<td>14</td>
<td>19</td>
<td>22</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>4</td>
<td>No. of persons covered in in-house programmes</td>
<td>157</td>
<td>182</td>
<td>199</td>
<td>334</td>
<td>521</td>
<td>660</td>
</tr>
<tr>
<td>5</td>
<td>Total expenditure of the Steel based PSUs.(Rs. in lakhs)</td>
<td>8493</td>
<td>8910</td>
<td>9016</td>
<td>11030</td>
<td>14018</td>
<td>13161</td>
</tr>
<tr>
<td>6</td>
<td>Percentage of Training expenses (spent) to Total Expenditure</td>
<td>0.041</td>
<td>0.022</td>
<td>0.017</td>
<td>0.017</td>
<td>0.027</td>
<td>0.027</td>
</tr>
</tbody>
</table>

(Source: A Review of Public Enterprises in Kerala 2004-05 to 2009-10 by Bureau of Public Enterprises, CMD, Thiruvananandapuram)

The number of employees sent for external training was less compared with the average total employees (1166) during the period 2004-05 to
2009-10. It was very low i.e. 59 during the period 2006-07. During 2004-05 it was comparatively higher i.e. 135 employees. After 2006-07 the trend became positive as the number of employees who underwent external training became more. There is much more scope for improvement.

![Graph showing number of employees sent for external training from Steel based PSUs in Kerala during 2004-05 to 2009-10](image)

**Fig.6.1: Comparison of Number of Employees sent for External Training from Steel based PSUs in Kerala during 2004-05 to 2009-10**

The number of in-house training programmes along with number of employees covered under these programmes was 16 and 157 respectively during the year 2004-05. It became 43 and 660 respectively during the last year 2009-10. The total number of employees was 1054 during the same period i.e. 62.6% of employees covered in the in-house training programmes.

The amount actually spent, compared with budget allocation for training, was around 60% in almost all years except during the year 2004-05. During the year 2004-05 the amount actually spent was Rs.3.439lakh against budget provision of Rs.4.81lakh i.e. 71.5% of allotted amount spent for training.
Fig.6.2: Comparison of Number of In-house Training programmes and Number of Employees Covered

The percentage of training expenses actually spent to total expenses of the industry was negligible during these periods. The maximum was 0.041% during the year 2004-05 and minimum 0.017% during the years 2006-07 and 2007-08.

6.2 HRD CLIMATE

HRD climate can be grouped into three broad categories as discussed earlier, viz.

1. General climate
2. HRD (OCTAPACE) culture and
3. HRD mechanisms.
6.3 GENERAL CLIMATE

The following factors work as an enabling force for the enhancement of human resource development climate:

- Top Management Style and Philosophy
- Commitment of Line Managers
- Personnel policies
- Positive Attitudes towards development

6.3.1. Top Management Style and Philosophy

As far as steel based public sector enterprises in Kerala were concerned, philosophy of top management is the philosophy of Government of Kerala itself. Being Government of Kerala Undertaking, importance given to human resources and development of organisations was guided and limited by following factors.

a) Resources available from the government
b) Political changes which occur from time to time
c) Personal variations at the top management i.e. at the Managing Director level
d) Interference of Industries Department, Govt. of Kerala
e) Guidelines of the Ministry of Central Government

6.3.2. Commitment of Line Managers

Executive officers in the various departments in the steel based public sector enterprises in Kerala were the line managers. Their commitment is also limited to the legislation such as standing order of these companies and labour laws applicable to the companies. Consequently the line manager is committed within the legal framework only.
6.3.3. **Personnel policies**

Personnel policies of the companies consist of the concern for employees, maintenance of equity and objectivity in appraisals, leniency in the resource allocation, and policies with the emphasis on a collaborative attitude. Establishing openness in the negotiations on pay revision, conducting work study for shop floor employees, etc., are some of the developments in this regard.

6.3.4. **Positive Attitudes towards development**

The factor ‘Positive Attitudes towards development’ also depends on the general political and legal environment. A literally advanced state like Kerala has many peculiarities - social, cultural, demographic, etc. Political rivalries in the higher order affect the positive attitude towards development.

6.4. **HRD (OCTAPACE) CULTURE.**

The HRD (OCTAPACE) items characterized by the occurrence of openness, confrontation, trust, authenticity, proactivity, autonomy, collaboration and experimentation are valued and promoted in the organizations. OCTAPACE variables are not at all legitimate not only in steel based public sector enterprises, but also in other organisations as well. These are purely behavioural in nature and derived out of the interactions of internal variables like general climate, HRD mechanisms and demographic environment prevailing in the society. In steel based PSUs in Kerala, HRD culture cannot be independently identified due to the above reasons.

6.5 **HUMAN RESOURCE DEVELOPMENT MECHANISMS**

An overall review of the implication of the various HRD mechanisms in the development process revealed the following facts:
6.5.1 **Performance Appraisal**

Performance Appraisal (PA) system was very well implemented in all the organisations under the area of study. The performance appraisal form was filled up by the reporting officer of the employee. The increment in salary and training need identifications were through the evaluation of PA system in these organisations. But investment for training is low considering the total manpower strength.

Self appraisal techniques were implemented for supervising staff and above. Their own views can be expressed through the self appraisal system.

6.5.2 **Career Planning**

Clearly defined career ladder is proposed for all the categories of employees in the steel based public sector enterprises in Kerala. For workmen Grade promotion the career ladder was strictly followed in all organisations. But in the case of promotion from workmen to supervisor cadre promotions were delayed very much.

Supervisory and Executive cadre promotions are defined according to experience and performance. But promotions are rarely considered due to poor financial position and management decisions.

6.5.3 **Grievance Mechanism**

In the steel based public sector enterprises in Kerala, Administration and HRD Department was carrying out the grievance redressal work. Minor grievances were usually settled in the departmental itself. If it was not settled at the departmental level, it was referred to A & HRD Department. If the grievance was not settled at middle management level, it was referred to the top management level. If it
was not settled in top management level, it might be presented before the labour officer/ courts for redressal.

6.5.4 Feedback and Counselling

Official communications regarding performance appraisal were not take place in these organisations. Usually verbal, unofficial communication was given to the employee and if they got convinced, they were ready to change their behavioural attitude.

6.5.5 Training and Development

Training programmes were arranged by these organisations according to the genuine training needs. Training needs were identified through Personnel Appraisal system in the organisation. But actually employees were sent for outside training programmes only on general topic usually conducted by Government of Kerala and Industries Department. Only one organisation had sent employees for technical training for skill and knowledge up-gradation.

6.5.6 Employee Welfare for Quality Work Life

Provision for employee welfare in addition to the salary and wages was implemented under various legislations such as Employee Provident Fund Act, Gratuity Act, Employee Family Pension Scheme, Employees State Insurance Act, etc., Medical reimbursement benefits and Personal Accident Insurance coverage for employees not covered under ESI Act, etc., were implemented. Further facilities for quality work life were not common in the steel based public sector enterprises in Kerala.
6.5.7 Job Rotation

Job rotation was practised in a very few organisations for the workmen. But for the executive and supervisory staff job rotation is implemented through inter departmental transfers. Transfers of workmen from one department to another were also few.

6.5.8 Rewards

Monetary rewards were provided in the form of salary, wages, welfare measures, and other fringe benefits. Production linked incentive schemes were implemented in these organisations. But it didn’t contribute for improvement in productivity.

Wage revisions of workmen were implemented through Long Term Agreement (LTA) between Trade Unions and Management of these organisations for the tenure of 4 to 5 years as agreed between them. Non-monetary benefits like compliments were (wrist watches, trays, glasses, utensils, etc.) also issued on special occasions to the employees.

Punishments were administered under the provisions of standing orders of these organisations for workmen. For executives and supervisory staff “Conduct, Discipline, and Appeal” (CDA) rules were applicable.

6.5.9 Recruitments and Selection

Recruitments and selection in the steel based public sector enterprises in Kerala were conducted by direct recruitment as well as through Government agencies viz. Kerala Public Service Commission, Kerala State Productivity Council, etc., according to the guidelines of Government of Kerala.
While selection, besides minimum qualification, experienced candidates were given preferences in the respective fields; so also backward communities, etc.

6.6 CONCLUSION.

Human Resources play an active role in the modern economic scenario of any country. The abundant physical resources alone cannot benefit the growth of the country without human resource component, which transforms physical resources into productive resources. Present study fulfils this objective by measuring HRD climate in the steel based public sector enterprises in Kerala.

In this chapter the second objective of this research study “To analyse the problems and prospects of the HRD system in steel based state level public enterprises in Kerala” was detailed. HRD climate can be grouped into three broad categories, viz. (1). General climate, (2). HRD (OCTAPACE) culture, and (3). HRD mechanisms. HRD (OCTAPACE) variables are not at all legitimate not only in steel based public sector enterprises, but also in any other organisations as well. These are purely behavioural in nature and derived out of the interactions of internal variables like general climate, HRD mechanisms and demographic environment prevailing in the society. In steel-based PSUs in Kerala, HRD culture cannot be independently identified due to the above reasons. Hence problems and prospects of elements of General Climate (Top Management Style and Philosophy, Commitment of Line Managers, Personnel policies, Positive Attitudes towards development) and HRD Mechanisms (Performance Appraisal, Career Planning, Grievance Mechanism, Feedback and Counselling, Rewards, Training, Employee Welfare, Recruitment, and Selection and Job Rotation) were explained.

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