An Empirical Study of Executive Development and Training Programme of Central Public Sector Enterprises in India

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ABSTRACT

Since independence, we have witnessed a tremendous growth of organized industrial and business activity in the public sector enterprise with a commensurate growth of management talent to administer these enterprises in a sound and efficient manner. It has been observed that lack of qualified and competent managerial personnel is an important factor prejudicing the success of an enterprise. Executive talent is the most important aspect of an enterprise. It is not shown on the corporate balance sheet, but it influences appreciably the growth, progress, profits and the share values, than any other corporate asset. An organization has to develop the potential of all those who are in the management positions. No modern organization can be successful for a long period without planned attention to the growth and development of its managerial staff.

INTRODUCTION

Public sector occupies a pivotal position in Indian economy. It is considered as a pace-setter for the rest of the economy. Since the inception of Planning in India, it has expanded enormously and contributed a lot towards the economic growth of the country by adding a major share in the net national product, generating gainful employment and building a sound infra-structure of the economy. However, public sector enterprises have failed to achieve their foremost objectives of establishing a socialistic pattern of society in India. Most of the public-sector enterprises are unable to yield a reasonable return on heavy investment and do not use their full capacity as well. A number of public sector enterprises are running heavy losses. Although profit making is the prime objective of public sector enterprises, yet it is well recognised that public-sector enterprises should meet all the financial obligations, give adequate return on capital employed and generate sufficient internal resources.

A macro view of the performance of CPSEs, during last ten years is shown in the table below:

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<tbody>
<tr>
<td>No. of Operating CPSEs</td>
<td>217</td>
<td>214</td>
<td>213</td>
<td>217</td>
<td>220</td>
<td>230</td>
<td>234</td>
<td>236</td>
<td>244</td>
<td></td>
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<tr>
<td>Capital Employed</td>
<td>660630</td>
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<td>792232</td>
<td>908007</td>
<td>1153833</td>
<td>137821</td>
<td>1508177</td>
<td>1710453</td>
<td>1822049</td>
<td>1938795</td>
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<tr>
<td>Total Gross Turnover</td>
<td>964890</td>
<td>1096308</td>
<td>1271536</td>
<td>1498018</td>
<td>1822049</td>
<td>1945814</td>
<td>2066057</td>
<td>1995176</td>
<td>1854667</td>
<td>1853681</td>
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<tr>
<td>Total Net Income/Revenue</td>
<td>970357</td>
<td>1102772</td>
<td>1309639</td>
<td>1470569</td>
<td>1804614</td>
<td>1931186</td>
<td>2056336</td>
<td>1965638</td>
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<td>1764749</td>
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<tr>
<td>Networth</td>
<td>452613</td>
<td>518485</td>
<td>583144</td>
<td>652993</td>
<td>709498</td>
<td>776162</td>
<td>850921</td>
<td>926663</td>
<td>962518</td>
<td>1002749</td>
</tr>
<tr>
<td>Profit before Dep., Impairment, Int, Exc., Items, Ex. Ord. items &amp; Taxes (PBDIEET)</td>
<td>177990</td>
<td>195049</td>
<td>186836</td>
<td>211184</td>
<td>216602</td>
<td>250654</td>
<td>255936</td>
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The loss of loss making CPSEs increased by 4.57% to Rs. 1,38,415 crore in 2015-16 from Rs. 1,30,364 crore in 2014-15. The CPSEs play a significant role in the growing Indian economy. They influence the growth in the economy and are affected by the overall growth in the economy.

Provisional estimate of GDP at current prices in 2015-16 was Rs. 135.76 lakh crore as against the GDP of Rs. 124.88 lakh crore (revised figure) for the year 2014-15 recording a growth rate of 8.71% during the period. The Gross Turnover of CPSEs has decreased in 2015-16 by 7.04% to Rs. 18,54,667 crore from Rs. 19,95,176 crore in 2014-15. The profit of profit making CPSEs increased by 10.86% to Rs. 1,44,523 crore in 2015-16 from Rs. 1,30,364 crore in 2014-15. The loss of loss making CPSEs increased by 4.57% to Rs. 28,756 crore from Rs. 27,498 crore during the same period. Aggregate net profit reported by all 244 CPSEs is Rs. 1,15,767 crore as against Rs. 1,02,866 crore reported in the year 2014-15, thus showing a growth in overall profit of 12.54% as against are duction of 19.82% in 2014-15.

The turnover of all 244 operating CPSEs during 2015-16 stood at Rs. 18,54,667 crore as compared to Rs. 19,95,176 crore in the previous year. The share of earnings through export/deemed export amounted to 4.16 per cent of total turnover during the year, and the CPSEs earned foreign exchange equal to Rs. 77,216 crore in 2015-16 as compared to Rs. 1,03,071 crore in 2014-15. The foreign exchange outgo on imports and royalty, know-how, consultancy, interest and other expenditure, on the other hand, decreased from Rs. 5,44,561 crore in 2014-15 to Rs. 3,88,045 crore in 2015-16 showing a reduction of 28.74%.

The total employee strength in CPSEs stood at 12.34 lakh (excluding contractual workers) in 2015-16 as compared to 12.91 lakh in 2014-15. The total

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<td>Depreciation, Depletion &amp; Amortization</td>
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<td>5802</td>
<td>7661</td>
<td>9565</td>
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<td>154</td>
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<td>851</td>
<td>554</td>
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<td>Profit before Int., Exc. Items, Ex. Or. Items &amp; Taxes (PBIEET)</td>
<td>139008</td>
<td>152579</td>
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<td>160017</td>
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<td>39300</td>
<td>36060</td>
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<td>120453</td>
<td>103095</td>
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<td>Exceptional Items</td>
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<td>Extra-Ordinary Items</td>
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<td>Profit before Taxes (PBT)</td>
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<td>122023</td>
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<td>Net Profit/Loss after Tax from Continuing Operations</td>
<td>81055</td>
<td>81274</td>
<td>83867</td>
<td>92203</td>
<td>92079</td>
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<td>Overall Net Profit/Loss</td>
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<td>81274</td>
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<td>92203</td>
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<tr>
<td>Profit of Profit-making CPSEs</td>
<td>89581</td>
<td>91577</td>
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<td>113944</td>
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<td>158</td>
<td>157</td>
<td>158</td>
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<td>165</td>
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<td>Loss-incurring CPSEs (No.)</td>
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<td>54</td>
<td>55</td>
<td>60</td>
<td>62</td>
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<td>78</td>
<td>70</td>
<td>76</td>
<td>78</td>
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<tr>
<td>CPSEs making no Profit/Loss (No.)</td>
<td>2</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>1</td>
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<tr>
<td>Dividend</td>
<td>26819</td>
<td>28123</td>
<td>25501</td>
<td>33223</td>
<td>35700</td>
<td>42627</td>
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<td>Dividend Tax</td>
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<td>5151</td>
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<td>5877</td>
<td>6704</td>
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Source: Public Enterprises Survey 2015-2016 Volume-1
strength of employees in CPSEs has gone down by 57,560 persons due to superannuation, voluntary retirement etc.

Various factors are responsible for the poor performance and slow rate of progress of these enterprises. But the major bottleneck is the lack of efficient management. Many experts have come to the conclusion that the overall performance of public enterprises depends crucially on the quality of managerial personnel. The only way to improve the performance of public sector enterprises is to provide it with an efficient and dynamic professional management. Therefore, executive development is indispensable for developing executives skills, so that executives can perform jobs assigned to them efficiently and make a good response to the new challenges. The systematic and planned effort on executive development through training was formally recognized by Administrative Reforms Commission in its Report on Public Sector undertakings, wherein the commission had opined “Scarcity of trained manpower operates as a severe constraint on the efficient running of public enterprises and the growth of public sector. The public-sector enterprises which generally operate on a big scale need a large number of specialists. Such undertakings have hitherto depend on training facilities abroad or create their own training capacity at their expense. Thus executive development and training programme have an important role to play in improving the public enterprises performance.

REVIEW OF LITERATURE

There is no dearth of literature in training and development. From the research point of view training and development can be divided into three parts i.e. training needs analysis, training design & its implementation and training evaluation. Following are the literature of training mainly focus on evaluation part:-

Rao (2005) has made an attempt to understand the perceptions of the employees on the training programme in public sector. The study reveals that the most of the respondents have expressed their willingness to attend out-company trainings. Their contention is that exposure to new environment will enhance their knowledge.

Zeytinoglu & Cooke (2009) focuses on the associations between on-the-job training and new information technology, innovation introduced in the workplace and competition experienced by the workplace. Multivariate results show that innovation introduced in the workplace is significantly associated with providing on-the-job training. To a lesser extent, implementing new information technology and experiencing competition are also positively associated with on-the-job training. Economic growth and prosperity as well as inclusion and equality can be achieved by providing opportunities for workers to learn and develop their skills and abilities.

Iyer, Pardiwalla & Bathia (2009) briefly explore the various methods of training evaluation to understand the need for training evaluation with emphasis on the Kirkpatrick’s model. Scholars concluded that although there are different methods of evaluate training, still training evaluation is the weakest and most under developed aspect of training. Although evaluation is still a grey area, every organization has to move to evaluate return on investment and behavior to evaluate its training programme in order to justify the investment made in training as well as to improve the training process.

Towler (2009) has focused on trainer expressiveness and trainee mastery orientation within the context of the seductive details effect. The author suggests that to prepare and apply knowledge, they need instructional conditions that stress the interconnectedness of knowledge and diverse perspectives on the information provided.

Ramachandran (2010) has made an analytical study on effectiveness of training programme of different cadre of employees working in a public sector organization. The result reveals that employees differed in effectiveness of training programme on the basis of demographic characters. It is also inferred that experience and education of the employees of the organization is predominating and determining factor in training programme.

Above mentioned literature shows that many
studies have been done to evaluate the effectiveness of training and development, but all have focused on different specific prospective. Therefore, the present study “Training and Development Practices for Employees in State Bank of Hyderabad: An Evaluation” is an attempt to fill the existing research gap to some extent. In this respect, the following research problem and methodology is adopted.

OBJECTIVES OF THE STUDY

Considering the importance of executive development, most of the public sector enterprises have established their own management development institutes equipped with modern educational facilities and rich management library. Many universities, Management Institutions and national agencies like BPE, SCOPE, NPC, ISTD, ASCI have also offering a variety of executive development programme for different levels of executives of public sector enterprises. The aim of present study is to make an appraisal of executive development programmes organised in public sector enterprises. It is an empirical study based on 15 selected public sector enterprises. The public sector units have been selected randomly.

METHODOLOGY OF THE STUDY

The present study is based on an analysis and interpretation of both primary and secondary data regarding various dimensions related to executive development and training programmes published in the form of regular reports and periodicals of BPE, PESB, SCOPE, ASCI, NPC, AIMA, MDI and other organisations and cells under Ministries of Industry, Commerce and Finance. Two broad questionnaires were circulated for the purpose in the selected public sector organisations and trainee executives. These questionnaires have been got filled separately by organisations of such programmes and by the executives who have undergone these programmes. Personal contract with top level executives of some responding public sector enterprises has also been made and their opinion and assessment of programmes recorded. The data has been analysed and interpreted statistically by applying the appropriate statistical tools and techniques.

FINDINGS OF THE STUDY

On the basis of empirical study and appraisal of executive development programmes organised by responding units, the findings regarding prevailing practices on executive development can be summed up as follows:-

1. EXECUTIVE DEVELOPMENT POLICIES:

Most of the responding public sector enterprises have no clearcut executive-development policies, although they have recognised the importance of executive development programme. Nevertheless, there are some broad guidelines that serve these organisations as policies out of 15 responding public sector organisations only 5 i.e. 33% have clearcut policy regarding executive development, other organisations are in the process of developing proper policies on executive development.

2. OBJECTIVES OF EXECUTIVE DEVELOPMENT:

Almost every responding public sector organisation has recognised the importance of executive development and formulated some sort of guidelines regarding executive development. The prime objectives of executive development favoured by most of the responding organisations are:

a) to improve the performance of executive all levels on their present jobs; b) to enable them to cope with possible future changes; (c) to provide competent executives at all levels to meet organisational needs; (d) to prepare executives for possible future promotion; and (e) to prevent obsolescence of executives.

3. IDENTIFICATION OF EXECUTIVE DEVELOPMENT NEEDS:

The success of executive development programmes largely depends on systematic identification of training and development needs of the organisation and management active interested in these activities. The responding public sector organisations have used more than one methodology to identify training and development needs of organisations and its executives i.e. 67% responding organisations have used various
system and they do not adopt any specific methods for identifying their executive needs. It is interesting to note that only 3 responding public sector organisations have followed indentification of training and development needs through a systematic study and analysis with the help of an elaborate questionnaire and personal interviews conducted by a training Need Task Force, specially appointed. The majority of responding public sector organisations has used recommendations of superiors or heads of departments performance appraisal of individual by self and others, and personal interviews and discussion with superiors.

4. IN-COMPANY EXECUTIVE DEVELOPMENT PROGRAMMES:

All the responding public sector organisations have developed and conducted their own in-company executive development programmes at various levels of management. A majority of responding organisations 9 i.e. 60% have established their own management training institutes with latest educational aids like Computerised systems, audio-visual aids, and rich library facilities. Generally, in-company programmes are organised for middle and lower level executives and mostly concerned with functional areas. Only two responding organisations have organised in-company programmes for all executives irrespective of their cadres and functions, 3 organisations have organised in-company programmes for more than 75% of their executives every year while 5 i.e. 33% organisations have organised in-company programmes for more than 50% of their executives and remaining 5 organisations have been able to organise only a few programmes for some of their executive.

5. EXTERNAL EXECUTIVE DEVELOPMENT PROGRAMMES:

All the training and development needs of executive cannot be met through in-company programmes. A majority of responding organisations strive to supplement their in-company efforts with external executive development programmes, perhaps to facilitate exchange of experiences, to cater for individual training needs and to avail training expertise of specialist available outside.

All the 15 responding public sector organisations have used in-company as well as external executive development programmes.

All India Management Association Administrative Staff College of India, Institute of Management, Ahmedabad are the chief out-side agencies that are used by all the responding public sector organisations- 13 i.e. 07% responding organisations have used National Productivity Council1 and Management Development Institute. The other external agencies which are not so widely used are NITIE (5 i.e. 33%), Management consultants (3 i.e. 20%) and Private Institution (2 i.e. 13%).

However, it comes as a surprise to note that the majority of responding organisations 12 i.e. 80% indicate that they have not evaluated the effectiveness of these outside agencies programmes and they have not given much thought to this effort. But 3 i.e. 20% organisations have some sort of evaluation.

Executives programmes conducted by external agencies have generally suffered from several shortcomings like their high costs, lack of reliance, poor cause content, indigentetrainingmaterials and low efficiency of administration etc. However, most of the responding organisations have used external agencies programmes more frequently for the training of top and senior level executives.

6. EVALUATION OF EXECUTIVE DEVELOPMENT PROGRAMMES:

Evaluation of EDPs is indispensable for assessing as to how far these programmes have been able to achieve their objectives. It is also necessary to appraise the individuals’ performance after he has returned to his job. Both in the case of in-company and external programmes, there is some sort of evaluation at the level of endorsement or reaction level assessment. All the responding organisations have evaluated their executive development programmes through feed back at the end of programme. A course evaluation common sheet or programme appraisal questionnaire to be filled at the end of the programme by each of the participants- 5 i.e. 33% organisations have always obtained the views of
participants superiors while 10 i.e. 67% organisations relied heavily on self-assessment trained executives themselves. Only 20% of the responding organisations have followed some sort of the multi-level assessment to evaluate their EDPs, whereas another 20% organisations have evaluated their EDPs through comparison of performance of executives before and after the EDFs.

It has been observed that there is no systematic effort made at the evaluation of the impact of the executive development resultantly the responding organisations are at a loss to determine the output of all their efforts. All the responding organisations are aware of this problem and most of them are seriously thinking in terms of evolving a proper system and methodology of evaluation.

7. UTILISATION OF TRAINED EXECUTIVE:

The responding public sector enterprises need to utilise the newly acquired expertise by their executives after their training & development, which will go a long way to have an effective and efficient administration and management. However, 11 out of 15 responding public sector organisations indicate that there has been no systematic effort in this area. It is disheartening to note that only a few responding organisations made an effort to ensure that the executives was given a job befitting to the training he acquired. Executives who return after attending an executive development programme generally complain that lack of conducive environment and climate of organization and top management attitude are the major factor which affect the utilisation of trained executives. This is a very sensitive area in most of the organisations. Perhaps, there is an urgent need for serious efforts in the area of utilisation of trained executives on the part of the public sector enterprises in India.

All the responding public sector organisations Conduct executive appraisal on an annual basis. Appraisal, in most cases, is the relevant instrument in the identification of development needs, promotion and placement of executives. It has been observed that 10 i.e. 67% responding organisations have adopted performance appraisal on the basis of, Annual Confidential reports consisting of various personality traits. Generally superiors observed the performance of subordinates on 3 to 5 points rating scale. The responding organisations have used different appraisal blanks for different levels of executives only 5 i.e. 33% responding organisations have used result oriented performance appraisal system on adhoc basis. It is heartening to note that most of the responding organisations have revamped their performance appraisal system and new appraisal techniques have been introduced.

CONCLUSION:

In order to make the public sector enterprises play more useful role in the socio economic transformation of the country, training and development of executives has to be streamlined and strengthened for developing competent, highly skilled and professional executives needed for greater productivity and efficiency. It is, therefore, submitted that (i) a clearcut policy regarding executive development and training should be made; (ii) training and development needs should be indentified properly before formulating an executive development programme; (iii) formulate tailored programme to cater the need of an organisation and its executives; (iv) Proper evaluation and appraisal of executive development programme be conducted for measuring the effectiveness of such programme; (v) more emphasis should be given to in-company programmes and (vi) EDPs coupled with proper placement and promotion of trained executives, so that the EDPs may bring effective, real and desired potential results. If due attention is given to this aspect there is no doubt that executive training end development can do a lot for the development of executives of public sector enterprises and will help in improving the overall performance of public sector.

REFERENCES:
