



Training & development for COMPETITIVE ADVANTAGE – A Study of Public Sector Enterprises.

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Abstract

The role and importance of public sector enterprises in India remains unparalleled as they contribute to the overall growth and development of various sectors of the economy. They spurred not only economic growth but also hastened social and regional developments which in turn have changed the Indian economy into one of the strongest economies of the 21st century. The economic reforms initiated in the year 1991 exposed them to globalization and made them to re-establish in a new form/avatar. Against this background, this paper attempts to examine the competitiveness of the central public sector enterprises in India in unleashing the competencies of their human resources through training and development (T&D) in the era of globalization. The paper analyses the perceptions of employees on the ethos, content, methodology, evaluation, facilities of T&D in the CPSEs in India. Survey method has been followed for the collection of data and cross tabulation has been used to organize the data collected from 199 respondents. Data has been statistically treated using appropriate measures. The results demonstrate that the LPG era has led to changes in the training and development policies and programs which are used to gain competitive advantage. The results indicate implications for other public sector enterprises in reorienting their training and development programmes align with goals and thereby gaining competitive advantage.

Key Words: human resources, training, development, public sector, globalization

Introduction

The integration of the world markets had a profound impact on the functioning of the public and the private sector enterprises, more so on the public sector enterprises. The public sector enterprises, until the adoption of liberalization policy by the Government of India, enjoyed sheltered market and protection from both the internal and external competitors. The year 1991 proved to be a watershed in the economic history of India which impacted the public sector enterprises, considered as economic arm of the state. The public sector enterprises which hitherto enjoyed patronage and protection of the state, found themselves in the thick of competition both from national and multinational organizations. Given the nature of public sector

enterprises which boasted of repository of knowledge and expertise of their human resources had no alternative but to sharpen their skills. This necessitated development of human resources and one of the ways to develop human resources was through training and development programmes.

Training and development are considered as strategic tools to gain a competitive edge over the competitors and are linked more and more to improve the performance of the organizations. This is particularly true in the era of globalization, where the human resources have assumed strategic dimension. The organizations are laying emphasis more and more on enhancing the potential of human capital through training and development. Although training and development have been in limelight in

the yesteryears as well, their importance has increased with the organizations spreading their tentacles globally and competing on the basis of their human resources. In fact, human resources are being utilized to gain strategic advantage over competitors. Public sector enterprises are no exception in such an effort for gaining competitive advantage.

Need for the Study

Globalization coupled with the endeavors towards liberalization and privatization has resulted in drastic changes in the environment of the public sector enterprises which in turn has affected the manner in which these enterprises conducted their business, both internal and external. The focus on cost effectiveness and efficiency yielded 'entrepreneurial manager' in public sector enterprises. The renewed focus on business acumen, creativity, proactive, task orientation, result orientation, performance orientation, quality conscious, customer-centricity, etc, became the buzzwords.

All this necessitated a change in the way these public sector enterprises conducted their business in the era of globalization. The focus shifted to shifting the gears keeping in view the changes in the external market conditions. The emphasis was more on survival and growth in a market which was not only global but also highly competitive. Under such circumstances, the only way to survive and grow was to enhance capacity building of their human resources and aligning such activities with strategic organization goals. Among many advantages enjoyed by these enterprises, one which stands out and not possessed by their competitors is the human resources who are not only skilled but well trained to deliver goods – mining, petroleum, refinery, power, etc. Therefore, the focus shifted to the development of capacities and competencies of human resources on the one hand and at the same time aligning them with that of organizational goals which can lead to competitive advantage both in the short and long run.

Human Resources Development in Central Public Sector Enterprises

The Central Public Sector Enterprises (CPSEs) are those entities which have more than 50% equity held

by the Government of India and as a majority stakeholder; the Government of India drives the policies and programmes for these enterprises from time to time. They have a clear mandate to serve various macro-economic and social objectives of the government. These broadly include: self-sufficiency in the production of goods and services, equilibrium in balance of payments, infrastructural development, providing products and services at affordable prices, regional development, generation of employment, corporate social responsibility, etc. The role of public sector enterprises in India cannot be overlooked as even today they play a crucial role in the overall economy and contribute significantly to the economic development of the country (Table No.1)

*Table No.1
Performance of CPSEs for the year 2009-10*

Rs. in crore

- Total paid up capital in 249 CPSEs as on 31.3.2010 stood at 148367 crore compared to 138734 crore as on 31.3. 2009 (246 CPSEs), showing a growth of 6.94%.
- Total turnover of all CPSEs during 2009-10 was 1235060 crore compared to 1271529 crore in the previous year, showing a reduction of 2.87%.
- Total income of all CPSEs during 2009-10 stood at 1264523 crore
- Profit of profit making CPSEs stood at 108435 crore during 2009-10 compared to 98488 2008-09, showing a growth of 10.10%.
- Overall net profit of all 217 CPSEs during 2009-10 stood at 92593 crore compared to 83867 crore during 2008-09, showing an increase of 10.40%.
- Net worth of all CPSEs went up from 587286 crore in 2008-09 to 660245 crore in 2009-10, registering a growth of 12.42%.
- Foreign exchange earnings through exports of goods and services increased from 74206 crore in 2008-09 to 77745 crore in 2009-10, showing a growth of 4.77%.
- CPSEs employed 14.91 lakh people (excluding casual workers) in 2009-10 compared to 15.34 lakh in 2008-09, showing a decrease in employees by 2.80%.
- Total Market Capitalisation (M_Cap) of 43 listed CPSEs, based on the stock price in Mumbai Stock Exchange, increased from 813530 crore as on 31.03.2009 to 1426212 crore as on 31.03.2010.

Source: Public Enterprise Survey, 2009-10, Department of Public Enterprises, Gol.

While keeping in view the national objectives and the high ideals enshrined in the Constitution of India, scarce economic resources have to be diverted to the cause of nation building and in this pursuit the human resources should not be allowed to take a backseat. If the human effort is not driven in the right direction, the achievement of overall social and economic objectives is bound to suffer and may jeopardize the social and economic fabric of the country.

The enterprises design their own human resources development programmes so as to upgrade the skills and knowledge of middle and senior level executives by giving them training in India and abroad. To supplement the efforts of CPSEs, some premier management/training institutes and CPSEs conduct training programmes in collaboration with the Department of Public Enterprises. Besides,

these enterprises also rope in premier training institutes like IIMs, NIFM, IIPA, ISTD, IPE, etc, to conduct training and development programmes for the human resources.

Framework of the Study

LPG has impacted the way the public sector enterprises have been conducting their business affairs and such an impact can be observed in their quest for survival and growth. Their search for new business opportunities, both horizontal and vertical symbolizes the altered conditions of their business environment, both internal and external. A conceptual framework has been provided in Framework No. 1 which provides the starting point to understand the link between various factors – LPG, public sector enterprises, human resources development, training and development, etc.

Framework No. 1
Conceptual Framework of Training and Development in CPSEs



