

A CRITICAL ASSESSMENT, OF THE HR PRACTICES AND POLICIES OF BHEL, A MAHARATNA PUBLIC SECTOR UNDERTAKING IN INDIA

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ABSTRACT

This research paper critically assesses the prospects and feasibility of the HR practices and policies followed by the public sector undertakings of India. For which Bharat Heavy Electricals Limited (BHEL), which is a Maharatna Public sector Undertaking of India is being selected for the study. The impact of HR policies and practices followed by the HR department is being studied with the help of interviews, schedules, questionnaires and opinionaires, in order to critically assess the effectiveness of HR practices and policies of BHEL and to suggest measures to ensure effectiveness in the Human Resource Management (HRM).

KEYWORDS: Human Resource Planning (HRP), Industrial Relations, Performance Appraisal, Recruitment, Training

INTRODUCTION

Human resource management is of prime importance for Government companies or the Public Sector Undertakings prevalent in India due to the urgent need to manage the large workforce that is employed by these organizations. The management of human resources in the public sector undertakings encompasses recruitment, selection, training and development, performance appraisal, motivation of workers through financial incentives, remuneration, social security and welfare of employees, review and audit of personnel policies, procedures and practices of the organization. But like other competitive multifaceted organizations, the public sector or government undertakings in India requires personnel who are dedicated, adequately equipped for the specific tasks, and fully devoted towards achieving the interests of the organization and the public at large. An incessant, improvement in the quality of the personnel and in their management is urgently required to be at tandem with the technological advancements and latest development in the corporate sector. A high priority attention should be placed on the human resource management in government undertakings of India in order to attain dramatic improvements in the system.

LITERATURE REVIEW

Condrey et.al (2004) the authors in this book have discussed the Human resource Management in a changing environment regarding the Public Sector Workforce. They have discussed the various recruitment and selection techniques, technological changes, ethical behaviour, employee training and development, legal system, performance appraisal, organizational culture and climate, managing conflict and employee unions.

Sims (2007) in his book has tried to identify and discuss the contemporary and critical issues, challenges and opportunities in Human Resource Management (HRM) by the articles of various preeminent authors covering basic issues like recruitment and selection, compensation, employee benefits and social security measures.

Kandula (2007) in his book “*HRM in Competitive Business Environment – Realities, Challenges and Practices*” expressed that the biggest challenge facing HRM in public sector enterprises is to change the orientation of HRM department so that it can become an integral business activity thereby, contributing to better management of PSUs leading to their existence, survival and growth.

Pramanik (1995) in his thesis “*Human Resource Management and Productivity in public Sector Industries in India*” found that HRM practices in Indian organizations remained by and large conventional and conservative. He classified the main causes for it into four parts i) Non-availability of employees at workplace, ii) influence of environmental changes on HRD, iii) improper evaluation of use of manpower and iv) lack of responsibility and accountability. He suggested that HR professionals should mould the employees into dynamic organization that can attain its objectives and also sustain a high degree of morale of employees.

Budhwar (2001) et.al in the research paper, “*A comparative study of HR practices in Britain and India,*” found that HR practices in Indian organizations are less rationalized and structured. They said that “there is a strong influence of social, cultural, economic and political factors on HRM policies and practices in Indian organizations.

Objectives of the Study

- To conduct an in-depth study of the various HR policies and practices followed by the HR department of Bharat Heavy Electricals Limited (BHEL), a Maharatna Public sector Undertaking of India.
- To study the impact of HR practices and policies on the various executives, employees and workers of BHEL and to critically assess the prominent problems faced by them relating to Human Resource Management.
- To suggest ways and means to ensure, effectiveness of the HR practices and policies followed by BHEL and ensure efficient Human Resource Management (HRM).

RESEARCH METHODOLOGY

The nature of this research paper is descriptive. The aim was to explain a phenomenon rather than making any generalizations and to discover the reality or an established fact without having to fit it into a preconceived theoretical perspective. The phenomenon and the reality in this paper is that the HR policies and practices followed by public sector undertakings are not effective and hence no hypothesis has been formulated. The researcher has delimited the study only to HR practices in BHEL, which have been analysed in detail and the problems associated with these HR practices is evaluated by means of using both primary and secondary data.

Sample of the Study

The sample of the study was restricted to Bharat Heavy Electricals Ltd. (BHEL). Purposive Sampling Technique was used for selecting the sample of employees and workers of BHEL. The main purpose of selecting the public sector undertaking – BHEL was the fact that there are problems related to the HR practices followed by the Public Sector Undertakings of India. And out of the 7 Maharatnas, BHEL (2nd in the list of Maharatna) which is the pride of India was being selected. The sample size of the respondents i.e. the employees and workers of BHEL were being selected, with the aid of incidental sampling technique.

Data Collection Procedures

The present study on the selected public sector undertaking- BHEL is an effort to explore the prevailing shortcomings in the HR practices. This has become feasible through analysis of both the primary data and secondary data which is as follows:

Sources of Data

- **Primary Data.** Primary data was being collected with the help of an open-ended interview from the key personnel, employees and workers of BHEL. The key personnel comprised of AGM (Assistant General Manager) , DGM (Deputy General Manager) and Managers of the HR Deptt., Training Deptt., Industrial Relations Deptt., Finance Deptt. and Planning and Development Deptt. The employees were those people who worked under the supervision of manager of the various departments. The workers included were direct and indirect workers at the shop floor.
- **Secondary Data.** The secondary data sources was being collected through the annual report, yearly bulletin, different official papers, magazines, journals, websites of BHEL, and the other relevant material.

Tools Used

- The tool used for primary data collection from executives was schedule. The schedule consisted of approx 48 open-ended questions, covering various practices of HR like human resource planning, recruitment and selection, training and development, performance appraisal, compensation policies and practices, fringe benefits, incentives, industrial relations, industrial disputes, trade unions, Absenteeism, Labour Turnover and Indiscipline.
- The workers and employees were interviewed through a schedule cum opinionnaire, which consisted of approximately 22 open-ended questions and 7 opinionnaire questions to assess the psychology of various personnel. And to find out the attitude and belief of the employees and workers towards the various HR practices and policies adopted by the HR department of BHEL.

BHARAT HEAVY ELECTRICALS LIMITED (BHEL)

Establishment

BHEL is an integrated power plant equipment manufacturer and one of the largest engineering and manufacturing company of its kind in India. It is primarily engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services which constitute the major sectors of the economy, which include, power, transmission, industry, transportation (Railway), renewable energy, oil and gas and defence with over 180 products offerings to meet the needs of these sectors. It has recently attained 50 golden years of its journey of engineering excellence.

It was established in 1964 and was a breakthrough for upsurge in India's Heavy Electrical Equipment industry. With its consistently excellent performance in a highly competitive environment enabled BHEL to attain the coveted 'Maharatna' status in 2013. The word 'Maharatna' means a precious and valuable gemstone. In 2010, the government of India established the Maharatna status for the public sector undertakings of India, which raises a company's investment ceiling from Rs. 1,000 crore to Rs. 5,000 crore. There are at present 7 'Maharatnas' in India. These Maharatnas are the best performing Public sector undertakings of India. And BHEL is one of them.

Human Resource Management

BHEL has a great strength of highly skilled, technically qualified and committed workforce of 47,525 employees. The aim of BHEL is to give every employee an equal opportunity to develop and grow in his or her career. With the aid of continuous training and retraining, career planning, a positive work culture and participative style of management. Such endeavours of BHEL had led to an engendered development of a committed and motivated workforce setting new benchmarks in terms of productivity, quality and responsiveness.

BHEL aims at making its HRM policies, practices adaptable to the competitive environment and to protect the interests of stakeholders. An E-enabled Performance Management System has been established for executives as a new benchmark for giving impetus to performance led growth. Then to encourage employees to enhance their efficiency, capabilities, creativity & innovation in every sphere of activity, an e-network based 'Improvement Projects Rewards Scheme' (IMPRESS) has been introduced by BHEL company wide. In the BHEL (Haridwar Unit) there is a separate Human Resource Department headed by GM (General Manager) HR who is ably supported by two AGMs.

Analysis and Interpretations

After conducting an in-depth analysis of the various HRM practices followed in BHEL and assessing the personnel psychology of the employees, the following problems were found relating to the HR practices and other crucial aspects of human resource management which are as follows:

Human Resource Planning, Recruitment and Selection

- The entire human resource planning process in BHEL is entrusted to the HR department and there is no separate section for Human Resource Planning (HRP). The researcher had a detailed discussion with the AGM HR who clarified that human resource planning, although an integral part of HR department is sadly overlooked. He candidly admitted that the HRP is not our prime area of focus since the entire HR department is already overburdened with many other critical issues. He further commented that since BHEL is a public sector undertaking they have to strictly follow the norms and procedures supplied by the government from time to time. Over the last five years the emphasis has been to reduce the surplus manpower. The total strength of employees and workers during 2003-04 was 43952 which have been gradually reduced to 42124 during the year 2006-07. However, with the phenomenal increase in the business size, in 2007-08 the company went on a recruitment spree and added more than 1500 new workforce. Thus, the role of HRP has been to downsize the manpower over a period of time with the exception of 2007-08 when it was involved in forecasting and recruiting.
- The corporate objectives of BHEL do not clearly define the importance of human resource planning.
- Human resource planning in BHEL has also suffered on account of stringent reservation policy prevalent in India and due to the adoption a policy of frequent job rotation and transfer to get the work done.
- The process and sources of recruitment in BHEL is quite satisfactory. It is mainly done in accordance with the Indian Government policies and directives. The main problem is the reservation policy for SCs/STs/OBCs. At times it becomes very difficult to find suitable candidates for SC/ST/OBC cases in spite of various concessions and relaxations. Since there is a ban on de-reservation of the vacant posts, such vacancies are unfilled and carried forward for minimum three years. This creates a vacant position in the organizational structure and hence the

normal course of work and production suffers.

- The procedure of recruitment is very cumbersome and time consuming. The rules are very rigid and there is very little scope for deviation from the accepted and defined norms. However, the chairman and managing director is appointed by the government where political considerations outweigh merit. Further recruitments are made by the chairman and MD himself or by a delegated authority. In BHEL it takes normally a period of six months to fill the vacant posts from the time of determining manpower requirement to the actual selection of the employee and the final appointment. This tenure is quite long as such the normal course of work and functioning of the organisation suffers on account of non-availability of suitable personnel.
- There is also a social objective involved in recruiting the dependents of the employees who die in harness. Such dependents may not be very suitable and talented but still they are recruited as per the norms and policies of the company. This policy may not serve the business objective of the company but it is a social objective of the company which has to be followed to protect the interest of the employees. Thus we can say BHEL has an utmost concern and gives priority to employee's benefits and their welfare. But in such cases the scope of appointment of fresh and exceptionally qualified personnel is being reduced due to such blocking of seats.
- The selection of suitable personnel and employees is done through the selection boards which are constituted by the appointing authority. The selection board comprises of panel of members who are the high official of BHEL and the experts from various department. Officers belonging to the different categories or communities of SC/ST/OBC are also the member of the selection board to protect the interest of these communities. Though the selection board comprises of a large representation, but still, the problem often arises about the consensus regarding the appointment of candidates.

Training and Development

The Training and Development programmes in BHEL have attained outstanding success. The workers have immensely gained and the employees have become prolific. Out of 73 respondents, more than 95 per cent were highly satisfied with the training policy of the company. The respondents had greater job satisfaction and were highly motivated to perform. The impact of the training programmes has been very positive and rewarding in BHEL as is reflected in its turnover, profits and Maharatna status.

Performance Appraisal and Promotion

- The performance appraisal system followed at BHEL for executives has been designed on the basis of MAP (Moving Ahead through Performance). Here the performance is based upon Key Result Areas (KRAs), Routine Responsibilities and Competencies required for achieving the same. A combination of KRAs is used to judge the performance of executives during the performance cycle or period which is normally the financial year. The company has identified more than 250 KRAs with their ID Nos. The problem is that out of these KRAs 10 or 12 are selected each year on the basis of job requirement. This implies that in each year executives will be evaluated on different KRAs.
- The Performance Appraisal for the supervisory and workers (excluding class IV) cadre at BHEL, is done on the basis of Annual Confidential Report (ACR).

- The grading of workers and supervisors which is done on the basis of ACR does not generally give them any direct monetary benefit in the form of incentives and rewards. However, these ACRs are given due weightage and taken into consideration at the time of promotion. In BHEL, promotion is said to be based on merit but actually it is the seniority that plays a pivotal role.
- The guidelines followed for promotions from one cadre to another cadre and promotion within the same cadre is on the basis of performance appraisal records and on completion of a number of years of service. However, 'Fast Track Promotions' are also provided subject to a limit of 10 per cent of the total number of employees eligible for such promotions on the basis of outstanding performance for a certain number of years.

Compensation Policies and Practices (Wage & Salary, Fringe Benefits and Incentives)

The incentives given to the workers and employees at BHEL are broadly classified into two parts viz. family planning incentives and production incentives. It is an irony to state that the company gives more by way of family planning incentives (i.e. Rs. 400 is provided for Tubectomy to female employees) rather than production incentives. It is shocking that the maximum production incentive cannot exceed Rs. 350 p.m. This hardly motivates any worker or employee to improve his productivity. The workers and employees are more satisfied with their overtime allowance. This implies that the workers and employees are non serious during their normal working hours in the lure for higher overtime.

Industrial Relations (Industrial Disputes, Trade Union, Workers Participation)

The industrial relations in BHEL are harmonious and cordial. They have High-powered Grievance Redressal Machinery which completely settles the grievances before it is converted into dispute. Moreover, they have well represented trade unions that take up the cause of the workers to the management and settle the things through collective bargaining and mutual discussions. BHEL has a scheme of employees' participation in almost all the areas of operations. The employees' participation scheme is implemented right from the Board level down to the Shop Council. Hence, hardly any industrial dispute has taken place in BHEL. It was also found that there is no problem of labour turnover and absenteeism. Moreover, the conduct and discipline rules in BHEL are very stringent which further helps in managing indiscipline and misconduct.

Finding and Suggestions

- The Company of Maharatna status like BHEL should lay more emphasis on Human Resource Planning (HRP) and a separate sub-department for HRP within the HR department which should exclusively be responsible for the HRP activities and functions. The corporate objectives should predominantly include the role of the HRP. This will enable the Company in maintaining the human skills inventory and will facilitate in prompt recruitment and selection.
- As far as the recruitment and selection policy of the company is concerned, it is suggested that the Company should be granted greater autonomy in filling vacancies which arise because of non-availability of suitable reserved category candidates. The procedure for de-reservation should be allowed if the suitable candidates in the reserved category are not found within a maximum of one year. Moreover, the recruitment and selection procedure should be more prompt and less time consuming. The Company should be allowed to make direct recruitments through campus interviews when and where required. Since, these days it has become mandatory for

all companies to follow corporate governance and ethics, it is suggested that the dependents of the employees who die in harness should be employed only when they have requisite qualifications and skills. At all costs, the efficiency and working of the organizations should not be compromised. After all the social objectives should not outweigh financial objectives.

- ACR should be modified and more objective methods like Critical Incidents Method, Checklist Method, behaviourally Anchored Rating Scale Method, 360 degree Appraisal, etc should be introduced.
- Although the promotions are granted on the basis of performance appraisal records and on completion of number of years of service, it is suggested that only the eligible employees with outstanding merit should be promoted whether it is the senior manager cadre or below.
- Broadly, the compensation policies of the Company are satisfactory. However, the overtime allowance should be replaced with more productivity incentives, as overtime allowance normally discourages the workers and employees to work efficiently during their normal working hours.

CONCLUSIONS

Thus we conclude that though BHEL has considerably effective HR policies and practices for its employees and workers and a commendable human resource management system. But still, considerable improvement and stringent efforts are required to be made to upgrade the various HR policies and practices adopted by BHEL to achieve the objective of the organisation. As the success of an organisation depends on its satisfied work force; hence the best suitable human resource planning (HRP), recruitment and selection, training and development, performance appraisal and promotion, compensation policies must be adopted to facilitate growth, job satisfaction, congenial working environment and good industrial relations for the employees and workers.

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