

## **A PRAGMATIC ANALYSIS OF HUMAN RESOURCE MANAGEMENT PRACTICES IN POWER SECTOR**

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### **ABSTRACT**

*Efficient human resource management is one of the most essential requirements for survival in this competitive world. The country India is poised to build more power generation capacity as well as supporting power systems in the next 10 years as compared to the previous 30 years. This necessitates induction of significant qualitative quantum of manpower in to the sector. Even though the country produces a large number of new engineers every year, it is not possible to directly deploy them in to the work force without proper human resource management due to the technology intensive nature of the industry. For instance, companies in the power sector too, the need for an innovative approach is important. This is because traditionally power companies in India have been used to undertaking many functions as per past practices. It is only after the Electricity Act, 2003 came into force, allowing private companies into the hitherto-restricted power industry, that the old guard felt the need for adopting an innovative approach in remaining competitive. Therefore the current research paper is focused on the topic "A Pragmatic Analysis of Human Resource Management Practices in Power Sector". The research paper analysis concludes that, the power sector is unable to attract the best available talent despite the fact that this is a sector that offers good salary and benefits packages, has relatively structured training & development programs, has several organizations with good employer reputation and, most importantly, with immense opportunities for a meaningful career.*

**KEYWORDS:** Human Resources, Power Sector, NTPC, Management Treatments, Investment Perspective.

### **Introduction**

India has been witnessing high economic growth for the past decade with increased investment across industries post-liberalisation. The high level of economic activity has put strain on basic infrastructure services while also providing significant opportunities for large scale investments in the core areas of the economy. While India witnessed spectacular progress in the telecommunication space with full privatization in place, other infrastructure segments like roads, ports and electricity lacked similar progress due to a variety of bottlenecks. While the Electricity Act, 2003 (EA 2003) laid the framework for rapid development of the Power sector and it is attracting significant investments, the bottlenecks continue to remain. India has ambitious plans of adding over 1,80,000 MW of generation capacity as well as associated Power Systems in the 11<sup>th</sup> and 12<sup>th</sup> plans, more than the cumulative capacity addition achieved till date. The Power sector is at a critical juncture today with large scale capacity addition required to sustain the growth of the economy.

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Indian power sector is fifth largest power producer in the world with installed capacity of 207.85 GW as on 2015. India produced 855 Billion units of power during 20014-15 fiscal year. India will add more than 600 GW power generations by 2050. Growth of Installation capacity and generation capacity is the major key factor to the Economic development of the country. Generation of power & Usage of power in all sectors successively increased from first five-year plan to Present. Total installed capacity is increased to 2, 25, 793.10 MW as on 30 June, 2016. Per capacity electricity consumption increased from 15KW to 814 KW on end of 2014. Generation of electricity increased to 789 billion kWh from 5.1 kWh. India is fourth largest consumer of power, even facing large gap between demand and supply of power. India power sector is aiming to provide reliable power and quality power at optimal power cost.

The Power sector is a capital and technology intensive sector requiring large number of engineers, technicians and other skilled workers. Power projects require specialized technical manpower during the project construction phase as well as the Operation and Maintenance (O&M) phase. Due to the technology intensive nature of the business, technical and managerial competency is critical in ensuring timely implementation of projects and optimum performance upon commissioning.

To bring out the best in a man is the essence of human resource management. Simply speaking, Human Resource management (HRM) is the process of increasing the capacity of human resources through the development. Human Resource Development is something that everyone does. Individuals do it as they work to develop themselves; managers do it as they work to support others' development and the Human Resource Development staff does it, as they create the overall development tools for an organization. Thus, it is a process of adding value to individuals, teams and the organization as a human system.

#### **Human Resource Management (HRM)**

- **Definition 1–Integration:** “HRM is a series of integrated decisions that form the employment relationships; their quality contributes to the ability of the organizations and the employees to achieve their objectives.”
- **Definition 2–Influencing:** “HRM is concerned with the people dimensions in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives. This is true, regardless of the type of the organization – government, business, education, health, recreational, or social action.”
- **Definition 3–Applicability:** “HRM planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are accomplished.”

#### **Meaning of HRM**

HRM is management function that helps managers to recruit, select, train and develop members for an organization. Obviously HRM is concerned with the people's dimensions in organizations. HRM refers to set of programs, functions, and activities designed and carried out Core elements of HRM:

- **People:** Organizations mean people. It is the people who staff and manage organizations.
- **Management:** HRM involves application of management functions and principles for acquisition, developing, maintaining and remunerating employees in organizations.
- **Integration & Consistency:** Decisions regarding people must be integrated and consistent.
- **Influence:** Decisions must influence the effectiveness of organization resulting into betterment of services to customers in the form of high quality products supplied at reasonable cost.
- **Applicability:** HRM principles are applicable to business as well as non-business organizations too, such as education, health, recreation and the like.

In an age where digital tools are impacting every walk of life, the way companies interact with varied stakeholders has been transformed too. Staying abreast of the times, human resource teams are also using digital and other means to hire and create a pool of talent. Digital tools are also being deployed to retain such talent and give companies an innovative edge in various activities.

For instance, companies in the power sector too, the need for an innovative approach is important. This is because traditionally power companies in India have been used to undertaking many

functions as per past practices. It is only after the Electricity Act, 2003 came into force, allowing private companies into the hitherto-restricted power industry, that the old guard felt the need for adopting an innovative approach in remaining competitive.

Therefore, the current research paper is focused on the topic "A Pragmatic Analysis of Human Resource Management Practices in Power Sector" Researcher observed HRM practices of few existing power sector companies in India such as NTPC, thus it is important to briefly describe the profile of NTPC below.

### **National Thermal Power Corporation**

NTPC vision is "To be world's largest and best power producer, powering India's growth." And mission is "Develop and reliable power, related products and services at competitive prices, integrating multiple energy sources with innovative and eco-friendly technologies and contribute to society" (NTPC, 2012)<sup>1</sup> NTPC established in 1975 with aim of planning and organizing as integrated development of thermal power sector in the country. National Thermal Power Corporation started generating one fourth of thermal power for country. NTPC achieved remarkable achievements in the Power generation and associated sectors. UK has recognized NTPC as sixth largest thermal power producer in the world.

### **Objective of Current Study**

- The main objective of the present study is to explore the literature review related to human resource management in Power sector.
- To understand the needs and significance of HRM in the context of Power Sector in particular.
- To provide suggestions for developing strategy for best HRM in the context of Power Sector.

### **Research Methodology**

This study is descriptive cum exploratory in nature. Secondary data is used for the purpose of the study. To develop this study in depth literature review has been used which is collected from websites, different books, previous research findings and from different libraries.

### **Review of Literature**

**Anupama Gupta (2010)** described the challenges faced by Human resource manager in context of new economic scenario. This paper emphasized that these challenges should seriously taken care of. Main challenge is the shortage of skilled manpower. This paper examined the role of human resource department to tackle the problem. It was the duty of HR department to design a possible career path to retain talent. It was suggested that HR manager should be ready to handle the challenges, but the role of other stakeholders should also be included in order to ensure healthy survival of the organization.

**Haslinda (2009)** has examined the evolving terms in human resource management (HRM) and human resource development (HRD). Based on a review of the literature, this paper drew the concepts surrounding the terms in human resource management and development. It was found that the terms HRM and HRD have evolved along with globalization and rapid technological advances. Due to these changes in the environment, new terms are seen to be necessary to describe new ideas, concepts and philosophies of HRM and HRD. Currently, and in the near future, new terms will emerged to describe the philosophy of HRM and HRD. This paper suggested a need for practitioners to understand the various terms describing HRM and HRD before it is used in organizations rather than to use new terms to describe old ideas or functions of HRM and HRD.

**Compton (2009)** stated that over the past twenty years much has been written on the need for contemporary organisations to adopt an empowered leadership style supported by innovative and integrated human resource management strategies. This paper examined a major Australian government owned Energy Company's leadership and HRM strategies in the context of a ten year campaign by the government to privatise the industry. A strategy to create a new and empowered culture has been analysed in terms of its drive not only to prepare the workforce for a privatised industry, but also develop a highly competent leadership team alongside a supportive and integrated competency based model for strategic human resource management. The literature has emphasized the important role played by the human component in the competitiveness and response capacity of organizations, and this is reflected in numerous publications and research studies that have appeared in recent years.

**Lata (2007)** made an attempt to understand the whole journey which started from social obligation and culminated in the form of Training and Development in the power sector. The study examined the methods employed in PSEB for the identification of training and development needs, organisation of

training and development programmes and their evaluation. The drawn findings and conclusions were based on facts collected in the survey undertaken for the present research work on the basis of analysis of secondary data as well as primary data. The analysis related to training and development leads to the conclusion that there is no formal system to assess the training and development needs of the employees in PSEB. However, the PSEB provides training to its employees. The training is predominantly informal and on the job. But one can observe the trends that PSEB started sending their managers and supervisors to various outside training institutes, which provide training on technical aspects. She suggested that continuous education of workers will help them to be multi-skill operators which in turn can make power sector undertakings more versatile and can reduce pockets of idle capacity. There should be outsourcing for training of trainers of PSEB, so that they can impart training and develop its human resources in the most effective way to the trainees.

**Kundu and Malhan (2007)** explained that competitive advantage generated by a company from human resources (HR) and company performance is influenced by a set of effective HRM practices. 'Workforce diversity and contemporary HR practices', and 'competitive compensation' were also practiced but not as high as other practices. Budhraj and Sharma (2008) studied the causes of stress among insurance employees. The data for the study was collected from two insurance companies. It was identified that the employees mostly suffer from stress due to heavy work load and unattainable targets, thereby generating work life imbalance.

**Mahajan and Sharma (2005)** undertook a research study with an objective to cover most of the concepts of human resource development (HRD) like recruitment, selection procedure, placement, training, promotion, wage salary and financial incentives, transfer, deputation, industrial relation, and political interference in the power sector companies. A sample of 50 employees had been taken for the study. The researchers concluded that Human Resource Practices (HRD) in the NTPC were not satisfactory. Employees had low level of satisfaction with regard to the HRD practices of the NTPC.

## **Findings of the Study**

### **Developing an HRM Strategy**

Faced with rapid change organizations need to develop a more focused and coherent approach to managing people. In just the same way a business requires a marketing or information technology strategy it also requires a human resource or people strategy. In developing such a strategy two critical questions must be addressed:

- What kinds of people do you need to manage and run your business to meet your strategic business objectives?
- What people programs and initiatives must be designed and implemented to attract, develop and retain staff to compete effectively?

In order to answer these questions four key dimensions of an organization must be addressed. These are:

- **Culture:** the beliefs, values, norms and management style of the organization
- **Organization:** the structure, job roles and reporting lines of the organization
- **People:** the skill levels, staff potential and management capability
- **Human Resources Systems:** the people focused mechanisms which deliver the strategy-employee selection, communications, training, rewards, career development, etc.

Frequently in managing the people element of their business senior managers will only focus on one or two dimensions and neglect to deal with the others. Typically, companies reorganize their structures to free managers from bureaucracy and drive for more entrepreneurial flair but then fail to adjust their training or reward systems. When the desired entrepreneurial behavior does not emerge managers frequently look confused at the apparent failure of the changes to deliver results. The fact is that seldom can you focus on only one area. What is required is a strategic perspective aimed at identifying the relationship between all four dimensions.

If you require an organization which really values quality and service you not only have to retrain staff, you must also review the organization, reward, and appraisal and communications systems. The pay and reward system is a classic problem in this area. Frequently organizations have payment systems which are designed around the volume of output produced. If you then seek to develop a company which emphasizes the product's quality you must change the pay systems. Otherwise you have a contradiction

between what the chief executive is saying about quality and what your payment system is encouraging staff to do. There are seven steps to developing a human resource strategy and the active involvement of senior line managers should be sought throughout the approach

### Steps in Developing HRM Strategy

- **Step 1: Get the 'Big Picture'**

Understand your business strategy:

- Highlight the key driving forces of your business. What are they? e.g. technology, distribution, competition, the markets.
- What are the implications of the driving forces for the people side of your business?
- What is the fundamental people contribution to bottom line business performance?

- **Step 2: Develop a Mission Statement or Statement of Intent**

That relates to the people side of the business. Do not be put off by negative reactions to the words or references to idealistic statements-it is the actual process of thinking through the issues in a formal and explicit manner that is important.

- What do your people contribute?

- **Step 3: Conduct a SWOT Analysis of the Organization**

Focus on the internal strengths and weaknesses of the people side of the business.

- Consider the current skill and capability issues.

Vigorously research the external business and market environment. High light the opportunities and threats relating to the people side of the business.

- What impact will/ might they have on business performance?
- Consider skill shortages?
- The impact of new technology on staffing levels?

From this analysis you then need to review the capability of your personnel department. Complete a SWOT analysis of the department - consider in detail the department's current areas of operation, the service levels and competences of your personnel staff.

- **Step 4: Conduct a Detailed Human Resources Analysis**

Concentrate on the organization's COPS (culture, organization, people, HR systems)

- Consider: Where you are now? Where do you want to be?
- What gaps exists between the reality of where you are now and where you want to be?

Exhaust your analysis of the four dimensions.

- **Step 5: Determine Critical People Issues**

Go back to the business strategy and examine it against your SWOT and COPS Analysis

- Identify the critical people issues namely those people issues that you must address. Those which have a key impact on the delivery of your business strategy.
- Prioritize the critical people issues. What will happen if you fail to address them?

Remember you are trying to identify where you should be focusing your efforts and resources.

- **Step 6: Develop Consequences and Solutions**

For each critical issue highlight the options for managerial action generate, elaborate and create - don't go for the obvious. This is an important step as frequently people jump for the known rather than challenge existing assumptions about the way things have been done in the past. Think about the consequences of taking various courses of action.

Consider the mix of HR systems needed to address the issues. Do you need to improve communications, training or pay?

What are the implications for the business and the personnel function?

Once you have worked through the process it should then be possible to translate the action plan into broad objectives. These will need to be broken down into the specialist HR Systems areas of:

- Employee training and development
- Management development
- Organization development
- Performance appraisal
- Employee reward
- Employee selection and recruitment
- Manpower planning
- Communication

Develop your action plan around the critical issues. Set targets and dates for the accomplishment of the key objectives.

- **Step 7: Implementation and Evaluation of the Action Plans**

The ultimate purpose of developing a human resource strategy is to ensure that the objectives set are mutually supportive so that the reward and payment systems are integrated with employee training and career development plans. There is very little value or benefit in training people only to then frustrate them through a failure to provide ample career and development opportunities.

An innovative approach is the need of the hour as industry dynamics are rapidly changing with the increasing use of smart technologies to boost productivity and outcomes. Top managements now appreciate that human resources are their most precious assets, above other physical ones. Even the best tools and techniques would not realize their potential—for example, in curbing losses during transmission and distribution—if the persons managing them were inefficient. Therefore, the role of HR in driving this innovative edge becomes crucial, primarily via hiring of individuals willing to come up with unconventional solutions to various problems. With digital means such as LinkedIn, Facebook and other tools becoming part of the standard HR arsenal, hiring and retaining of innovative talent is increasingly data driven and more scientific. Consequently, such companies are well positioned to deliver better results. Many companies are presently using LinkedIn to research candidate's background. What this denotes is that HR these days is no longer a tertiary function but has become part of a pivotal strategic tool in meeting business objectives and staying ahead of the pack. Companies failing to utilize Internet age advantages risk being left behind in the race to remain relevant and competitive.

Another way HR teams enhance the competitive and innovative edge is by boosting employee engagement and team spirit. The level of engagement varies across employees because different factors come into play. HR needs to devise and conduct regular team-building initiatives that allow employees to de-stress thereby improving engagement levels. Simultaneously, regular training sessions can be held to coach employees on upgrading skills, prioritizing tasks, delegating work, handling stress and, finally, working within allocated budgets and deadlines. This clearly states on the wall that Power sector Companies that act accordingly for the innovative advantage will survive and thrive. Those that don't won't.

### **Conclusion**

The research paper analysis concludes that, the power sector is unable to attract the best available talent despite the fact that this is a sector that offers good salary and benefits packages, has relatively structured training & development programs, has several organizations with good employer reputation and, most importantly, with immense opportunities for a meaningful career. The power industry needs to showcase these opportunities and create awareness among the young talent pool. Industry groups as well as large companies in the sector need to work on creating a positive brand image for the industry in order to attract fresh talent. Further, companies should work on changing the work environment through better human resource practices, soft skills training, reducing hierarchical barriers and creating career development maps for the personnel. Experienced HR managers from other sector should be inducted to incorporate best practices from other sectors. The scope of the further study is in how the technology of HRM can be adapted and broadened to the measure of different types of intellectual property.

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