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Role of Marketing in Public Sector

—*Abhay Ekbote*

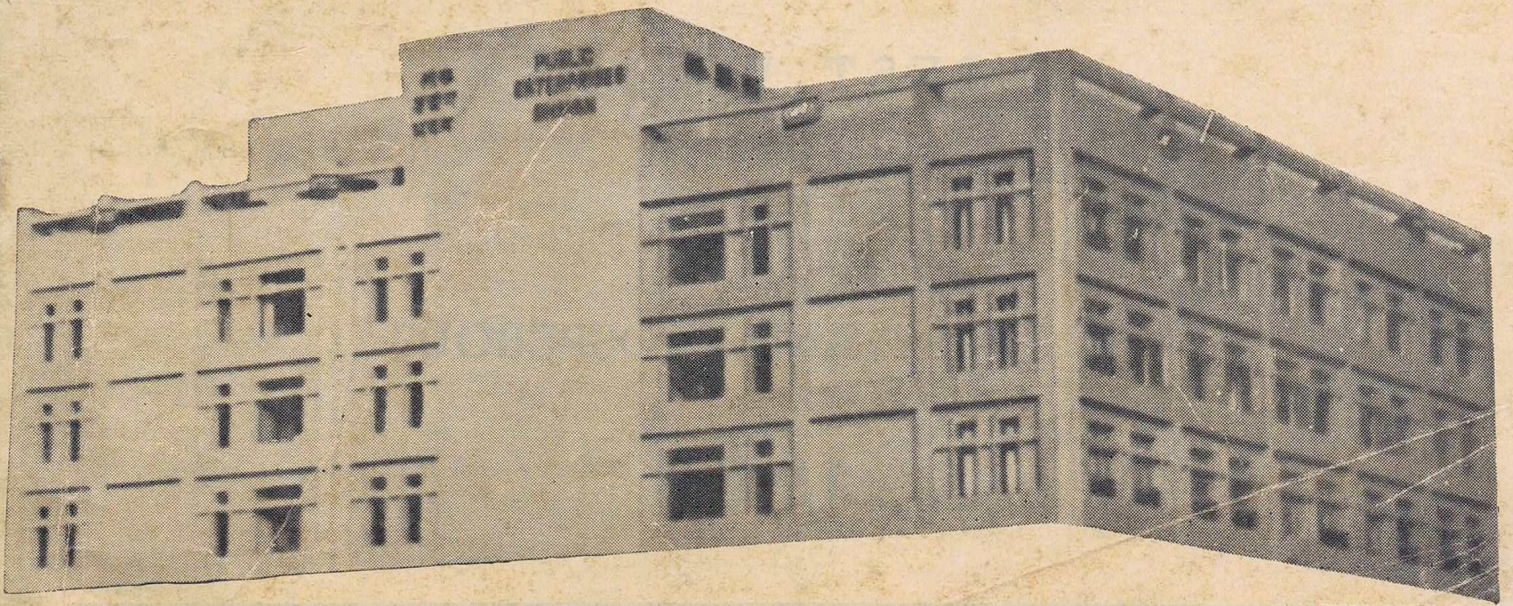
Project Organisation as it should be

—*Dr Ram Prakash*

Think On These Things

सार्वजनिक उपक्रमों में अधिकार—अन्तरण

—डा० सुर्य प्रकाश अग्रवाल



The new premises of Public Enterprises Selection Board & Bureau of Public Enterprises, Ministry of Finance—page 2.

A Study of Managerial Perceptions of Indian Public and Private Sector Organisations

The management process begins with setting up of organisation objectives and ends with determining how well they have been accomplished. Even though many of these objectives can be quantified, there are qualitative goals which can not be totally quantified.

Informations regarding the way Indian managers perceive various aspects of Public & Private sector undertakings have been obtained by means of a questionnaire from selected public and private companies by the author with a view to deal with this aspect in this paper. The author observes that public sector enterprises attach top priority to job security and employment opportunities rather than operational efficiency of the units. On the contrary, private sector's emphasis is to earn more and more profits for its survival and growth as a business strategy. Private companies offer handsome remunerations to their employees and believe in result oriented approach while delivering goods and services to society.

A.S. Balgir

In accordance with the 'Preamble', the 'Fundamental Rights' & the 'Directive Principles' of the Constitution of India, the Union Government has been following a policy of 'mixed economy' under which both Public & Private sectors have been assigned the necessary scope to function within their

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respective spheres as integral parts of national planning.¹ In December 1954, the parliament of India adopted 'socialistic pattern of society' as the objective of social and economic policy. The Industrial Policy Resolution of 1956 made it abundantly clear that while "the State will progressively assume a predominant and direct responsibility for setting up new undertakings", the private sector will have the opportunity to develop and expand, preferably on co-operative lines.² Though the subject matter of public enterprise is being widely used all over the world but it still remains to be scientifically conceptualised.³ It is surprising that considering the vital

importance of Public Enterprises in the economy and the literature produced on the subject, the meaning of Public Enterprises continues to remain vague and varying.⁴ Same is true in the case of Private Sector. It is the ends and the values therein which are different in the two sectors.⁵

The present study is an attempt to probe the way Indian managers perceive various aspects of public and private sector undertakings such as job security, pay and perks, business ethics, style of leadership, organisation climate, social responsibility etc. while serving them.

Research Methodology

The universe covered by the present study includes public and private sector organisations. 22 undertakings (11 public & 11 private) located at Calcutta, Bokaro, Ranchi, Tatanagar, Hardwar, Bangalore, Hyderabad, Nasik, Faridabad, Chandigarh, Bhopal and Bombay were selected for this study. Majority of the organisations surveyed are manufacturing units dealing in consumer durable, non-durable & industrial products. Managers working at lower, middle, top levels of management and serving in different functional areas were selected. Due to uncertainty of managers response, no particular sampling technique was followed in the selection of managers. In order to distribute questionnaires in an organisation, a known person working in managerial cadre of the organisation, was approached to work as an investigator on behalf of the researcher. The investigator was instructed that he should not pick up respondents belonging to one state only. On the other hand, he should try to give representation to managers belonging to different states of India. A minimum of 3 respondents & maximum of 10 respondents were selected from each state. Where the number of respondents belonging to a particular state fell below 3, the investigator was directed to include them also in the survey.

The questionnaire was pretested on 10 managers working at different levels in a Ludhiana based

organisation. Necessary modifications were made on the basis of their comments and suggestions. After making changes in design and layout, 490 questionnaires were despatched to the respective investigators. A covering letter containing purpose of the study with necessary instructions was attached to each questionnaire. 144 managers (29.4%) returned filled-in questionnaires, out of which 85 managers were working in public sector and 59 in private sector companies.

In order to know what Indian managers feel about public/private sector organisations, two relevant questions (see annexure) were asked to each respondent. These questions were framed on the basis of notions and perceptions prevailing about public and private sector in the society. In the case of public sector, there were 5 factors and every respondent was asked to rank them in descending order assigning 1 to most important factor, 2 to second important factors..... and 5 to least important factor. Similarly there were 7 considerations in the case of private sector and every respondent was requested to rank them in descending order assigning 1 to most important considerations..... and 7 to least important consideration. Weights were assigned to each rank in reverse order e.g. 5 weight was given to most important factor, 4 weight to second important.....1 to least important factor.

RESEARCH/FINDINGS

Opinion of managers serving public and private sector organisations have been classified separately while commenting on each sector.

Opinion Regarding Public Sector Undertakings

Views expressed by managers about functioning of public sector and the weighted average mean scored by each alternative factor, are given in Table-I.

Table—I

Perceptions of Managers about Public Sector (N=142)

<i>Public Sector Undertakings are.....</i>	<i>Weighted Public (n=83)</i>	<i>Average Private (n=59)</i>	<i>Mean Total (n=142)</i>
i) Organisations providing high job security.	22.53	15.8	38.33
ii) Mere employment institutions.	16.66	11.66	28.33
iii) Working places of lethargy & uncreative environment.	11.93	9.33	21.26
iv) Good pay masters	12.86	6.93	19.8
v) Bad pay masters	6.93	7.86	14.8

Table-I shows that Indian managers feel public sector as organisations providing high job security to all its employees (38.33) followed by another important observation that they are operating as employment institutions in the country (28.33) providing large scale job opportunities to the people. They are plagued by lethargic working environment (21.26) but they offer adequate salaries to their workers (19.8) and cannot be considered as bad pay masters (14.8).

(a) *Public Sector Managers Comment on Public Sector*

The most important factor which managers serving public sector units feel about public enterprises is provision of security of service to its employees (22.53) during these days of unemployment. They think that these undertakings provide enough job opportunities to the people at large) (16.66). They claim that these organisations are good pay masters (12.86) and not bad pay master (6.93). However, they are of the opinion that public sector undertakings are not efficient in their working

and there is lack of congenial organisational climate to achieve better results (11.93).

(b) *Private Sector Managers Comment on Public Sector*

Table-I shows that managers working in private companies agree that public sector provide high job security to its employees (15.8). They generate enough employment opportunities for a big segment of society (11.66). They feel that there is lack of conducive and creative environment (9.33), necessary for any organisation growth and development. Contrary to the opinion expressed by public sector managers, they feel that these organisations offer poor salaries to its employees (7.86) and are not good pay masters.

(B) **Opinion Regarding Private Sector Organisations**

The views expressed by Indian managers about functioning of private sector companies and weighted average mean scored by each alternative factor, are given in Table-II.

Table-II
Perceptions of Managers about Private Sector (N=144)

<i>Private Sector are organisations...</i>	<i>Weighted average mean</i>		
	<i>Public (n=85)</i>	<i>Private (n=59)</i>	<i>Total (n=144)</i>
i) Having profit-making as their sole objective.	20.71	11.43	32.14
ii) High pay masters.	11.78	8.67	20.46
iii) Indulging in exploitation of working class.	11.64	5.39	17.03
iv) Where fear of boss prevents expressing frank opinion.	9.71	6.00	15.71
v) Where inadvertent mistake or overzealous efforts may cost job.	9.17	6.21	15.39
vi) Helping in balanced growth of the country.	7.46	7.35	14.82
vii) Foundations of future economic frame work.	5.92	6.89	12.82

Table-II shows managers feel that private sector units operating in India had made profit-making as their main objective (32.14). To achieve this aim they pay high salaries and incentives to their employees (20.46). They believe that this sector indulges in exploitation of working class for achieving their ends. They think that participative management exists only for name sake and autocratic style of leadership prevents the subordinate to express free and frank opinion (15.71) before the senior. At times, a mistake done unconsciously or overzealous efforts made to better things may cost an employee his job (15.39). However, other managers view private sector as undertakings helping in the balanced growth of economy (14.82) and consider them as foundations of future economic prosperity in the country (12.82).

(a) Public Sector Managers' Comment on Private Sector

Managers working at different levels of management in public sector undertakings feel that private

companies have made profit-making as their sole aim, for their survival and growth in business world. To achieve this, they pay and hire high salaried personnel (11.78). They are of the opinion that these organisations exploit working class to achieve their ends (11.64). Organisation climate is dominated by authoritarian outlook (9.71) and mistakes done or show of overenthusiasm to improve things may cost an employee his job (9.17). However, other managers believe that private organisations are playing a responsible role in the growth of Indian economy (7.46) and have laid down sound infrastructure for its future advancement (5.92).

(b) Private Sector Managers' comment on Private Sector

Table-II shows managers working in private companies agree that private units are motivated by high margins of profit (11.43). They offer fabulous pay and perks to their employees (8.67) to achieve organisational goals. Contrary to the belief expressed by public sector managers, they opine that

private sector is helping growth of Indian economy in a befitting way (7.35) and has laid down a sound infrastructure for its future march to prosperity (6.89). They refute the notions of their counterparts confirming that mistakes of employees for better performance are overlooked (6.21) and organisation climate is participative and not authoritarian (6.00). As a matter of fact, these organisations do not exploit working class for achieving their aims (5.39).

Interpretation of Data

The above analysis indicates that public sector attaches more importance to job security and employment rather than operational efficiency of the organisation. Public sector is becoming notorious for the oversecurity as it leads to complacency among the managers⁶. The aggregate gross profits of public enterprises before tax declined sharply to Rs. 39/- crores in 1980-81 from Rs. 225/- crores in the previous year.⁷ A mere 5 percent return on the massive investment of Rs. 21,126/- crores made in public enterprises can cancel out deficit financing which contribute to inflation.⁸ The principal reason for the failure of public sector is the fact that, for various reasons, including fear of parliamentary criticism and political patronage, the minimum degree of autonomy and freedom to take decisions have been denied to them.⁹

On the contrary, private sector companies believe in earning more and more profits as a business strategy for their survival and growth. They offer handsome pay and perks to their employees but 'adopt hire and fire policy' for fulfilling organisation goals. Private Sector is both result and growth oriented and perhaps has succeeded where public sector has failed. However, it can be added that high margins of profitability sans social responsibility is a myopic view of business and industry. The total number of sick units under nursing care of banks has gone upto 24,550 this year.¹⁰ The amount of bank and institutional credit locked up in them almost doubled from Rs. 1,102/- crores in June, 1979 to Rs. 2,064/- crores by Dec, 1980.¹¹ Private

Sector can equally be held responsible for this state of affair & practices.

Conclusions

The above discussion leads to the conclusion that perceptions of managers serving public sector units are different from their counterparts working in private companies. Both look at each sector with preconceived notions.

The study reveals that Indian managers perceive public sector as undertakings where job security is given top most priority. Of course, they provide employment opportunities to large number of people. Managers are of the opinion that public sector units are not growth oriented but employment oriented. Instead of organisational efficiency, lethargy exists at all levels, leaving little scope for creativity and innovative ideas for better performance. Due to contradictory views, it cannot be emphasised whether public sector undertakings provide high salaries to its employees or they are poor pay masters.

The study also reveals that managers view private sector as companies whose sole objective is to earn more and more profits. They can attract best talents in the country and offer high pay and perks to their employees. They also agree that inadvertent mistakes or overzealous efforts made by an employee to improve things may cost him his job which reflects authoritarian style of functioning in private sector. Managers have expressed contradictory views whether private sector indulges in exploiting working class to achieve their aims. Opinion also differs whether these organisations are helping in balanced growth of the country or they should be considered as future pillars of prosperity.

India ranks among first 10th industrialised nations. It may be paradox but it is also 10th poorest nation in the world.¹² 48% of its people still live below the poverty line.¹³ Public and private sectors are two giant economic institutions in the country entrusted to deliver goods and services to the society. A proper mix of the motive of profitability and social responsibility on their part can go a long way in raising standard of living & improving quality of life of the people at large.

Annexure

Question : Do you view Public Sector undertakings as organisations (Ranking may please be done in descending order assigning 1 to most important consideration, 2 to the next 5 to least important consideration).

- i) Mere employment institutions ()
- ii) Bad pay masters ()
- iii) Good pay masters ()
- iv) Organisations providing high job security ()
- v) Working places of lethargy and uncreative environment ()

Question : Private establishment are organisations (Rank all your considerations putting 1 as most important, 2 to second important..... assigning 7 to least important consideration).

- i) Indulging in exploitation of working class ()
- ii) Having profit-making as their sole objective ()
- iii) Helping in balanced growth of the country ()
- iv) High pay masters ()
- v) Where fear of boss prevents you expressing frank opinion ()

- vi) Where inadvertent mistake or over-zealous efforts may cost you job ()
- vii) Foundations of future economic frame work. ()

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