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LEADING IN THE PUBLIC SECTOR UNDERTAKINGS OF MIZORAM

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Abstract : The leading function initiates action and it is from here actual work starts. There are three elements in leading namely, motivation, leadership and communication. The Government of Mizoram through its industrial policies identified agro-based industries, handloom and handicraft industries, sericulture industries, electronic industries, village and cottage industries and selected consumer industries as priority industries to be developed in the State. Consistent with this, the Government of Mizoram set up five Public Sector Undertakings(PSU). However, these PSUs have failed to achieve the objectives for which they have been incorporated. The PSUs suffer from poor managerial efficiency which has an adverse impact on the financial and operational performance. This article looks into the leading function of the PSUs to identify the problems that ails its effective application.

Keyword: Public Sector Undertaking, Managerial inefficiency, Motivation, Leadership, Communication

1. INTRODUCTION

The Government of Mizoram through its industrial policies identified agro-based industries, handloom and handicraft industries, sericulture industries, electronic industries, village and cottage industries and selected consumer industries as priority industries to be developed in the State. Consistent with this, the Government of Mizoram set up five PSUs which are government companies registered under the Companies Act, 1956. They are:

- * Zoram Industrial Development Corporation Limited (ZIDCO)
- * Mizoram Handlooms And Handicrafts Corporation Limited (ZOHANDCO)
- * Mizoram Food and Allied Industries Corporation Limited (MIFCO)
- * Zoram Electronics Development Corporation Limited (ZENICS)
- * Mizoram Agriculture Marketing Corporation Limited (MAMCO)

However, these SOEs have failed to achieve the objectives for which they have been incorporated. Recommendation for improvement of performance or closure of the enterprises has been given by the Comptroller and Auditor General of India (CAG) in the year 2000 and again in 2005. The SOEs suffer from poor managerial efficiency which has an adverse impact on the financial and operational performance.

Management audit by way of studying the leading function is undertaken in this paper. Leading is the process of motivating, influencing, and directing others in the organisation to work productively in pursuit of organisational goals (Hill et al, 2009). The leading function initiates action and it is from here actual work starts. In the field of management,

leading is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently. There are three elements in leading namely, motivation, leadership and communication.

II. LITERATURE REVIEW

In the process of this study, related literature on public enterprises as well as management has been extensively looked into.

Rainey et al (1976) present a number of propositions about differences in public and private organisations. The propositions extend and refine consideration of the question which suggests that public and private organisations are converging and facing similar constraints and challenges, and that management in all types of organisations should be viewed as a generic process.

Saraswathy Rao (1986) attempts to present a panorama of different aspects of State Level Public Enterprises, particularly in Andhra Pradesh. The book adds to understanding of the working the SLPEs in the State.

Satyanarayana J. (1986) observes that the State government enterprises have not so far attracted the attention that they deserve, of either the general public or the academics, various committees and commissions have also focussed their attention on the CPSEs only. An overview of different aspects PSUs at the state level, most of which are uneconomical and with undesirable administrative overheads, has been pointed out and concludes with a note on the need to watch the direction in which these enterprises should move.

Mishra et al (1989) present a macro analysis of State Level Public Enterprises (SLPEs) in 24 States of India, and outline policy implications for the control systems and management to upgrade the performance of these enterprises.

Mittal (1992) presents a volume aimed at understanding the overall management perceptions of executives in the public sector to assess not only the specific operational tools and techniques used by these managers but what the major concerns of these enterprises are such as public enterprise and economic growth; managerial stress; controls; workers' participation and trade unionism.

Gedam (1995) provides a comprehensive theoretical discussion, pros and cons of several concepts, merits and demerits etc. of public enterprises.

Mishra and Kiranmai (2007) attempt to study the working of the State level public enterprises in Sikkim with a point of view to judge their suitability for the retention, closure and privatisation in the portfolio of the State.

Kabra (2008) attempts to examine the role of business and industry in the economic growth of the state of Mizoram.

Ganesh (2010) in his study on the SLPEs analyses their performance and prospects. A state-wise analysis of the SLPEs relating to the 28 states including Mizoram has been prepared but the figures used for the Mizoram PSUs was rather sketchy.

III. OBJECTIVES AND METHODOLOGY

This article specifically study the leading function with respect to the motivation, leadership and communication practices in the five PSUs viz., ZIDCO, ZOHANDCO, MIFCO, ZENICS and MAMCO with a view to construct an exploratory theory for their poor performance.

Scope of study: The study covers all the five public sector undertakings in the state of Mizoram, viz, ZIDCO, ZOHANDCO, MIFCO, ZENICS and MAMCO.

Data sources: The study is based on primary as well as secondary sources of information. First, an intensive review of literature was undertaken to familiarise with the various aspects of the public sector philosophy and management, to identify the research problem, to evolve appropriate methodology and to formulate a conceptual framework for the study.

In addition to observation, the study used structured schedules and direct interviews to solicit the primary information from the Board of Directors, top and middle level management.

IV. FINDINGS AND DISCUSSION:

Motivation in the PSUs: Motivation is a basic psychological process (Luthans, 2011). People differ not only in their ability to do, but also in their willingness or motivation to do. An individual's motivation depends on the strength of their motives. Taking this into context, the state owned enterprises' human resources are studied in terms of their motivation, the willingness to do their work, the motives (needs, wants, drives or impulses) that determines their behaviour.

While undertaking this research, frequent visits were made to the offices of the public sector undertakings, the work environment observed has been that of leisurely, slow and at times inactive. On visits to ZOHANDCO and MAMCO, it was observed that the lower levels are often engaged in informal conversation and group games. This laid-back attitude is not so much an intentional avoidance of work, as it being lack of work assigned. In fact, the employees are themselves frustrated of the situation and want change. The middle level employees have in fact, utilised their time in the absence of work, to make an analytical study on the failure of their corporation to make a petition for improvement and assistance to higher authorities (ZOHANDCO and ZENICS). MIFCO employees resorted to agitations and strikes in 2010 on account of the non-payment of salaries for over six months. The employees also mentioned the mismanagement of the corporation as the prime reason given as negligence by the state government. Appeal has been made for reconstructions by the employees through various channels. This has been mentioned to highlight the behavioural pattern that arises from unfulfilled needs and goals, which in the long run can have extreme damaging effects on the human resources of the PSUs. Alternately, if properly utilised and motivated, the human resources could be the key recovery factor for the turnaround of the enterprises. The satisfaction of a need may be blocked which is followed by an attempt to overcome the obstacles but continuous blocking with unsuccessful results may lead to frustrations (Hersey et al, 2008). When blockage to goal accomplishment continues and frustration develops, rational coping behaviour as well as irrational behaviour may occur in several forms. Rational coping behaviour can lead to alternative goal setting or a decrease in the strength of a particular need. Irrational behaviour, on the other hand, may occur in several forms when blockage to goal accomplishment continues and frustration develops. Frustration may even increase to the extent that the individual engages in aggressive behaviour. Aggression can lead to destructive behaviour such as hostility and striking out. It can result in other forms of frustrated behaviour such as rationalisation, regression, fixation and resignation, if pressure continues or increases. Rationalisation simply means making excuses. Regression is essentially not acting one's age. Fixation occurs when a person continues to exhibit the same behaviour pattern over and over again, even though experience has shown that it can accomplish nothing. Resignation or apathy occurs after prolonged frustration, when people lose hope of accomplishing their goal in a particular situation and withdraw from reality and the source of their frustration. This phenomenon is a characteristic of people in boring, routine jobs, where often they resign themselves to the fact that there is little hope for improvement within their environments. A manager should remember that aggression, rationalisation, regression, fixation, and resignation are all symptoms of frustration and indicate the existence of a problem.

The PSUs have had a series of failures in the accomplishment of goals in the form the various projects undertaken, such unhealthy trend can often lead to the above stated frustrated behaviour on the part of the employees. The majority of employees of the PSUs, on observation, are characteristically depicting a behaviour similar to resignation, continuous failure and negative results of the enterprises' performance have given out to prolonged frustration. While a very small portion of the younger recruits are positively frustrated in the sense that alternative course of actions are contemplated.

Having discussed the behaviour of individuals on the basis of need, it is significant that managers should have understanding about the needs that are often most important to people. A classic framework that helps to explain the strength of certain needs was developed by Abraham Maslow in 1943. According to Abraham Maslow, human needs arrange themselves into a hierarchy, namely physiological, safety, social, esteem and self-actualisation needs.

Based on the economy of the state, the need structure can be applied quite accurately. For instance in an emerging economy, the physiological need is a high strength need whereas in developed economy, the esteem and self-

actualisation need could be the dominant factor. Similarly, in dependent economic state like Mizoram, the physiological and safety need are the high strength need, the dominant factor in the need hierarchy.

The five public sector undertakings are all sick corporations, barely coping to meet the administrative expenses, and human resource development is minimal, almost non-existent. The employees of the corporations are thus characterised by the behavioural pattern that basically seeks the safety and security needs. Thus, the motivation of the workers mainly stems from the need for security, the assurance of safety and protection for the future. However, research (Hersey et al, 2008 and Luthans, 2011) has given evidence that such emphasis on security may make people more docile and predictable and it does not make them more productive. As such, the desired motive for better performance cannot be expected in the present environment. In addition, the provision of security in these enterprises is highly questionable on account of their sickness and the threat of closure from the observations of CAG. Management aims to bring out the potentials of an individual in such a way that it benefits the organisation as well as the individual concerned and ultimately, leading to accomplishment of group and individual goals. The application of management principles could thus result in organisational development essentially empowering by the human resources available. This is not utopia and there has been organisations that have proven its possibilities. Motivation is a powerful force that could be the starting point for the state owned enterprises.

Leadership in the SOEs: Leadership is both a process and a property (Griffins, 2008). As a process - focussing on what leaders actually do - leadership is the use of non coercive influence to shape the group or organisation's goals, motivate behaviour towards the achievement of those goals, help define group or organisational culture. As a property, leadership is the set of characteristics attributed to individuals who are perceived to be leaders. As one of the functions of management, leading can be both extremely important and challenging. From managing a local store to managing a large corporation, every manager will perform each of the functions at some point in their jobs, of which leading is of primary importance.

Leading is not containing the people/employees, which is a distinctive feature that separates a dynamic manager from the rest, our traditional approaches fall into three categories. In part they are philanthropic, the desire to look after the needs, the housing, the health care, the welfare of people who cannot look after themselves. In part the traditional approaches are procedural, to handle in an orderly fashion the recurrent chores connected with the employment of people. In large measure, finally, the traditional approaches aim at preventing and curing trouble; they see in people, above all, potential threats. The traditional approaches are needed. They are, however, not enough. Beyond them is the need to learn to look on people as resource and opportunity rather than as problem, cost, and threat. To learn to lead rather than to manage, and to direct rather than to control (Drucker, 1986).

Numerous studies have been made on leadership, research findings indicate that leadership style varies considerably from leader to leader. Amongst such research findings, the most significant and recognised is Rensis Likert's Management systems. According to Likert(1961) the best managers in business and government point to a much more effective system of management. Low efficiency departments have supervisors who, being job centred, keep workers busy through a prescribed work cycle at a satisfactory time rate. The job is reduced to component parts, with trained people to do them, and constant pressure to achieve output using all the resources available. High efficiency departments have supervisors who, being people centred, focus on the human aspects and build effective work groups pursuing high achievement goals. The supervisors attempt to know employees as individuals. They give general rather than detailed supervision, with overall targets rather than prescribing methods. They accept maximum participation in decision making and see employees as capable of joining in the decision making processes.

In his studies, Likert found that the prevailing management styles of organisations can be depicted on a continuum from System 1 through System 4 which are :

System 1: Exploitive authoritative system - Management uses fear and threats; communication is top down with most decisions taken at the top; superiors and subordinates are distant.

System 2: Benevolent authoritative system - Management uses rewards, information flowing upward is restricted to what management wants to hear and whilst policy decisions come from the top some prescribed decisions may be delegated to lower levels, superiors expect subservience lower down.

System 3: Consultative system - Management offers rewards, occasional punishments; big decisions come from the top whilst there is some wider decision making involvement in details and communication is downward whilst critical upward communication is cautious.

System 4: Participative group management system - Management encourage group participation and involvement in setting high performance goals with some economic rewards, communication flows in all directions and is open and frank with decision making through group processes with each group linked to others by persons who are members of more than one group called linking pins; and subordinates and superiors are close. The result is high productivity and better industrial relations.

System 1 is a task-oriented, highly structured authoritarian management style; System 4 is a relationship-oriented management style based on team work, mutual trust, and confidence. Systems 2 and 3 are intermediate stages between two extremes. On observation, all the PSUs are inclined to System 1 and System 2, concluding from the fact that all decisions are vested on the Board of Directors with minimal or no involvement of other managers in the decision making process.

For instance, the procedure followed in the decision-making process of MIFCO, including channels of supervision and accountability states that all policy decisions concerning the business of the Company are made by the Board of Directors by passing resolutions. The decisions so made by the Board of Directors are executed by the Managing Director and his subordinate officers and staff. In exercise of the powers conferred by the Board of Directors vide Article 88, the Managing Director takes decisions concerning the day-to-day functioning of the Company. While doing so, the Managing Director issues official orders regarding allocation of duties of subordinate officers and staff. The said orders entail supervision and accountability of the concerned officers and staff as well.

Further the present study has indicated the dismal trends in the frequent change of chairman and Managing Directors in all the state enterprises. This indicates the need for reconstruction from the very top level if the state enterprises is to make any attempt towards recovery. The chairman has been changed several times and M.Ds have also been shuffled quite a number of times :

Companies	ZIDCO	ZOHANDCO	MIFCO	ZENICS	MAMCO
Incorporation	1978	1988	1989	1991	1993
No. of Chairmen till 2020	22	10	14	8	10
No. of MDs till 2020	25	15	8	21	11

As indicated in Table 1, ZIDCO has had over the past 42 years a change of 25 managing directors(MDs), which means there is a change of MD for every two years or less. Even with no managerial knowledge, it is easily conclusive that leadership with this trend could only lead to ineffectiveness in any organisation. Consistency in work comes with knowledge of nature which comes only through experience and in-depth knowledge. Loyalty and commitment comes with relationship building and familiarity with the environment which is quite impossible by serving 1 to 3 years in the organisation.

In addition, managing directors of ZENICS, MAMCO and ZOHANDCO were found to be occupying other important official post in the parent department as Director/ Deputy Director etc., which is their primary designation and the managing director role coming as secondary or additional charge. However, it is not conclusive to say that the frequent changes in the top level position is the only factor for failure. For example, MIFCO changed its MD only twice in the 22 years. The frequent change of a person at the helm of affairs as well as lack of dynamism in leadership in the corporation is a problem that requires an in depth study.

The report of the CAG (2007) stated that according to Section 285 of the Companies Act, 1956, meeting of the Board of Directors(BOD) shall be held at least once in every three months. Contrary to this, the meetings were held in MIFCO only twice during the years 2002-2003, 2003-04, 2005-06 and 2006-07 and once in 2004-05. The management stated that regular meetings could not be held as the representatives of the State Government on the BOD were busy in their respective departments and had little time to spare for the meetings. The CAG audit report further commented that this shows the apathy of the members to improve the performance of the company. There has been similar experience in case of the other PSUs, in fact, the committee set up (2010) for review and recovery of the state enterprises by the government under the chief secretary has commented on the non-commitment and negligence by the BOD of all the state enterprises.

Leadership involves creating a climate that encourages new ideas and employee input. The more the employees feel that they have a say in the company, the more they will be willing to share ideas and attempt to find better ways to improve processes. Leading is key to effective communication, a manager that shares information and lets employees know the latest happenings concerning the company is someone that is deemed trustworthy by his or her employees. Employees feel little loyalty or trust towards a manager who does not readily share information. An effective leader inspires employees, which allows those employees to feel like they are making a meaningful contribution to the company.

The SOEs have rested their ultimate authority on the BOD and the Managing Director but the responsibility of leadership that comes with power entrusted to them is not shouldered by them in proportion to the authority vested in them to carry out such functions.

Good leaders affect the employees they supervise, but they also inspire those in other departments of the company. Effective leadership is infectious and should be spread to as many areas of the organisation as possible; doing this will result in a highly-coordinated effort to satisfy both customers and employees. On the other hand, if there is ineffective leadership, it could result in chaos, unachievable goal-setting, continuous decline etc. Serious reconstruction in the hierarchical order of authority and delegation is required.

Communication in the SOEs: To stay connected with employees and customers and shape company direction, managers must excel at personal communication (Daft, 2009). Corporate communication is essential for the smooth running of a business. Communications management is the systematic planning, implementing, monitoring, and revision of all the channels of communication within an organisation, and between organisations; it also includes the organisation and dissemination of new communication directives connected with an organisation, network, or communications technology. Aspects of communications management include developing corporate communication strategies, designing internal and external communications directives, and managing the flow of information, including online communication. New technology forces constant innovation on the part of communications managers.

Formal communications: The PSUs follow a downward communication pattern, and an upward communication which is generally affirmation of orders and reports. The channels of communication adopted by the PSUs is similar to the government administrative department, which is mostly in written form consisting of orders and directives for work allocations, job instructions etc. The bureaucratic channel of communication that is defined by long chain of command which often delays and slows down the message to be conveyed is in practice.

The communications with the parent administrative department is rather strained in case of some of the PSUs, particularly the enterprises that are under the Industries Department, which is marred with misunderstanding and in one instance, the employees of ZOHANDCO have had major fall out with the Industries Department officials. This has

seriously hampered free flow of communication thereby damaging the possibilities for growth opportunity and financial assistance.

Informal communications : The Mizos as a society is a typically uninhibited free society that does not discriminate or segregate on grounds of position or social standing. This cultural mind-set is exemplified in the formal communications within the organisations which is free flowing and casual. This is particularly identifiable in the middle level and lower level managements but rather restrained in the case of the top level managements in the PSUs.

External communications : Open communication to the public and stakeholders is an important part of management, which can result in building company value and goodwill. The PSUs have to have an open communication channel as prescribed by the Right to Information Act (RTI). The enterprises are required to have Public Information Officer (PIO) who is answerable to any legitimate queries by the public. The PIOs have been of great assistance in the present study in providing the information requested, although one PSU (MAMCO) was yet to make the required RTI publication in the form of readily available printed materials.

The PSUs have initiated in creating websites in the internet, which is a positive step forward to external communication, however there has been no development in the information provided since initially created, with the exception of ZENICS. There is ample opportunity for growth in this area in the PSUs, communication as a managerial tool is of great importance and readily reachable free of any additional cost.

V. CONCLUSION:

The Public Sector Undertakings have been exhaustively given a managerial scan with respect to the leading functions of management that is applicable and necessary for any kind of organisation. Of late, the world has woken up to this necessity of management not only in the private sector but also critical in all public sector undertakings particularly the commercial undertakings. In fact, the New Public Management has been propagated with the chief author being the United Nations, which is basically the application of management principles in the public sector. Accordingly, the study conducted has highlighted the problems in leading the organisation of the PSUs, and its managerial implications. It is firmly believed that any chances of recovery for the PSUs is dependent on the application of the appropriate management principles irrespective of how severe the sickness is. Management development does not get its due attention in the PSUs, a well-coordinated and integrated approach is necessary for designing and implementing programmes of management. We must start to see the truth in this, if government is ever to do business and succeed at that.

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