

# Organisation and Management of Public' Enterprises: Bangalore Symposium

Y S Pandit

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*The utility of the work of the IMREP would enhance if selected persons from private industry are associated with it and invited for discussion, instead of relying wholly on the experience of the executives of State enterprises, it would be beneficial to draw on the experience of the private sector of industry as well*

SINCE the State has now set the socialistic pattern of development as its objective, it is obvious that its administrative responsibilities would rapidly increase. The field of these responsibilities which has already extended far beyond 'bread' and 'butter' administration would also become diverse in character. It will cover all the important aspects of economic activity such as transport, communications, trade and industry. In order to carry out these activities efficiently it is imperative that the State should devote serious attention to the problems of management. The success of the activities which the State would be undertaking would be determined to a large extent on its capacity to work out suitable organisations, select and train proper personnel and evolve correct procedures for the working of the organisations. The object should be to provide adequate checks wherever they are needed without hampering the progress of operations in any way.

## Management Problems

The establishment of an Industrial Management Research Unit for Planning by the Indian Statistical Institute since 1st of April is not, therefore, a moment too soon. Under the Second Five Year Plan a large proportion of the investment in the State sector is to be made in important basic industries. The management problems, which are likely to become conspicuous almost immediately and continue to acquire greater prominence in future, as the socialistic pattern of development takes a concrete shape, would naturally be confined to the field of industry.

Broadly speaking, the IMRUP will be concerned with three groups of

industrial management problems.

First, it will study and report on the organisational structure most suited for the State enterprises.

Secondly, it will formulate methods for the optimum utilisation of resources through the use of modern management tools such as work-study, statistical quality control and incentive.

Thirdly, the unit, will engage itself in examining the various problems relating to industrial planning such as the economics of location, mechanisation, nature of industrial relationship, relative efficiency of techniques, technological ratios etc. and generally provide technical intelligence necessary for perspective planning.

The symposium was the first organised activity of the Industrial and Management Research Unit for Planning. It was designed to find out, in consultation with the top executives of State Enterprises and others interested in the subject the type of specific problems which the unit should take up for study and to explore the ways in which the facilities offered by the unit could be made use of by the State enterprises. Along with Prof J K Galbraith and Mr John Strachey who were on a visit to the Indian Statistical Institute, and the Secretary to the Ministry of Production, some top executives of the State enterprises located in Bangalore where the unit is established and where the symposium was held, participated in the proceedings. A paper on public organisation prepared by Prof Galbraith formed the basis of discussion'

On going through the proceedings of the symposium one finds that the purpose for which the symposium was arranged was more than ful-

filled. A variety of interesting topics having a vital and urgent bearing on the efficient and successful management of State enterprises were thrown up. But more than that, the symposium provided a golden opportunity to the top executives of State enterprises to compare notes in an academic atmosphere and to voice their opinion without inhibition of any kind. The proceedings of the symposium in which all the participants freely narrated their experiences and expressed their views, as reproduced in the mimeographed report, are, therefore, very informative so far as the working of the State enterprises is concerned.

## Allied-or Multi-Purpose Corporation ?

It is an index of the frankness with which opinions were expressed and matters under consideration examined, that, although on the topics to be taken up for detailed study by the IMRUP there was general agreement on the issues that were discussed the views expressed revealed interesting differences. For instance, Prof Galbraith had suggested that the State should undertake the promotion and management of industrial enterprises through multi-purpose corporations like the Zaibatsu in Japan and the General Motors Corporation and the Tennessee Valley Authority in the USA. The argument in support of the multi-purpose corporation was that an existing organization managing one enterprise, if it undertakes the promotion of another enterprise whether in the same line of different, would be in a position to take the innumerable decisions necessary in the formative period of an industrial undertaking quickly and with confidence, and

economise in the use of the available managerial talent and technical personnel.

While the Idea behind Prof Galbraith's suggestion was generally accepted, there was a strong current of opinion that instead of being multi-purpose, the organisation should be allied-purpose in the sense of managing and promoting units in the same industry. There was, however, a view expressed and stoutly defended that what matters is not so much the type of organisation as the personnel.

"The form of an organisation is not one hundredth as important as the persons in it. You can put a good man in a bad set-up, he would probably pull the whole thing through. Whereas you put a bad one in a line set-up, he won't pull through".

Regarding the autonomy of Corporations it was revealed that in one case at least the autonomy was given but it had not reached the Corporation. Further, it was more difficult to get a decision after autonomy than before because the part-time directors had no time to make up their minds. "Unless you have fulltime directors, who are devoted to it you just do not get a quick decision."

Similarly, in regard to the scope of industrial engineering in the State enterprises, it was held that the technique of industrial engineering should be made use of from the very start when promoting an undertaking. However, it was strongly argued by some that industrial engineering holds scope when an enterprise has grown old and inefficient, and that, since the State enterprises which were all new "had no time to grow inefficient" industrial engineering had no use for them.

**Labour-Management Relations**

In respect of labour-management relations it was observed that the State enterprises offered a great opportunity as the working of these enterprises was motivated differently from that of the private industries. An interesting experience of how workers in a Posts & Telegraphs factory were persuaded to increase production, agree to shift working and introduce a number of economies merely by talking things over with them was narrated. One of the participants who had experience of both the private and the State sectors remarked that according to his experience human rela-

tionship in the private sector was better than in the State sector but surprisingly no comment was made on this observation.

When the issue of the workers' participation in management from the point of view of the scope it offered to the IMRUP for carrying out specific studies, was under consideration, references were made approvingly to the practice prevailing in Yugoslavia and Russia. It was also mentioned that the Board of Directors of the State enterprises in India include Labour representatives. No light was thrown on the result of this association but in some cases the Managing Directors are reported to have reacted very strongly when the suggestion of workers' participation was put to them.

The formation of the MRUF means that the problem of industrial management and organisation in the State sector is now recognised. The progress of the unit and its work would, therefore, be watched with great interest. From the studies and discussions of the unit the State enterprises would no doubt derive considerable benefit. But these studies and discussions would be useful even to the private sector of industry to which the knowledge may not be denied. The utility of the work of the IMRUP would enhance if selected persons from private industry are associated with it and invited for discussion. Instead of relying wholly on the experience of the executives of State enterprises it would be beneficial to draw on the experience of the private sector of industry as well.

WE HAVE HEARD  
BUT NOT SEEN



We have heard  
that Philosopher's  
Stone turns Iron  
and Brass into Gold-  
but we have not  
seen it done. We  
have not only heard but also seen LOMA  
turning grey hair into dark hair.



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