OFFICE MEMORANDUM

Subject: Professionalization of below Board level management in Central Public Sector Enterprises (CPSEs)

The undersigned is directed to state that the Department of Public Enterprises (DPE) had issued an advisory to CPSEs vide O.M. of even no. dated 30th December 2011 on the subject mentioned above recommending certain measures for better HR development and professionalization of below Board level management of CPSEs. These measures included defining of critical roles in CPSEs and mapping of competency framework of incumbents for future readiness, institutional mechanism for appraisal of performance of personnel, regular trainings and capacity building activities and succession planning to ensure timely availability of high-performance individuals for critical leadership roles in the company.

2. In order to assess the current status of implementation of various HR development activities envisaged in the aforementioned advisory and identification of replicable best practices being followed by the CPSEs, DPE undertook a detailed exercise through a professional agency. The observations/recommendations emerging from this exercise (listed at Annexure) are proposed to be shared with CPSEs to enable them to adopt best practices in the areas of (a) Alignment of HR Strategy with Business, (b) Recruitment & Manpower Planning, (c) Performance Management System, (d) Rewards & Recognition, (e) Promotion & Career Management, (f) Employee Engagement (g) Training & Development and (h) Leadership Development etc.

3. These observations are not exhaustive and the Board of Directors is free to implement other innovative HR practices suited to improve the HR environment of the concerned CPSE. The Board of Directors of CPSEs may consider this advisory as an overall broad framework for development of a meaningful and comprehensive system for professionalization of their below board level management.

4. All administrative Ministries/Departments are requested to take note of the above advisory and bring the same to the notice of all CPSEs under their respective administrative control under intimation to DPE.

Encl.: Annexure

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Director
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To Secretaries of all administrative Ministries/Departments
ANNEXURE

HR THRUST AREAS ON PROFESSIONALIZATION OF BELOW BOARD LEVEL MANAGEMENT OF CPSEs

(A) ALIGNMENT OF HR STRATEGY WITH BUSINESS: The CPSEs should conduct an HR Strategy alignment exercise to design HR prioritization of initiatives.

1. Maharatna & Navratna CPSEs to undertake HR strategy alignment exercise annually in the following manner:
   - Conduct an Annual HR Strategy alignment exercise to modify annual HR prioritization of initiatives.
   - Set quarterly review meetings to track progress on the action items.
   - Submit an annual report to the Board of Directors on the implementation status and take feedback on any additions / changes required.

2. All other CPSEs other than Maharatna & Navratna to undertake HR strategy design workshop once every 3 years in the following manner:
   - Derive actionable HR priorities for next 3 years by studying the business strategy and growth plan
   - Prioritize the HR interventions across the 3 years; prioritize them for year 1, 2 and 3. Get the same approved by the board
   - Develop a task force / leverage any existing task force to monitor the implementation of the interventions

(B) RECRUITMENT AND MANPOWER PLANNING: The CPSEs should strive to become employer of choice by improving reputation, implement structured Internship program for college students and structured induction cum on boarding program for new hires.

1. Maharatna and Navratna CPSEs should undertake an exercise to study attrition and formulate an action plan to address the reasons for the same.

2. All CPSEs should strive to become ‘Employer of Choice’ in following manner:
   (i) Organize case study competition for colleges/universities
   (ii) Send experts to conduct guest lectures in colleges/universities
   (iii) Provide sponsorship for college/university academic events
   (iv) Conduct exposure visits of the respective organization for college/university students

3. All CPSEs (other than Maharatna & Navratna) to design a structured induction and onboarding program for new hires/appointees in following manner:
   - If an induction programme already exists, take feedback from employees who have undergone the program and design changes if required
   - Benchmark the same with comparable organizations from private and public sector
   - Identify elements to be included in the induction programme and create a detailed checklist with activity, planned start and end dates and corresponding process owner
(C) PERFORMANCE MANAGEMENT SYSTEM: All CPSEs should ensure that the performance ratings are communicated confidentially to all individuals. While evaluating ask for and record specific instances where an employee performed/did not perform well in order to improve transparency and overcome the high scoring tendency of managers.

All CPSEs should put in place a mechanism for periodical review of their employees on the lines of FR-56(j) as applicable to Central Government Employees for identification and removal of non-performers.

(D) REWARDS AND RECOGNITION: All CPSEs to develop mechanism for instant recognition of performance in following manner:

1. Instant recognition
   - Use mechanisms such as ‘Spot Awards’ to reward performance immediately rather than annually/semi-annually
   - Spot Awards are designed to recognize special contributions, as they occur, for a specific project or task
   - The award could be monetary/non-monetary depending upon the specific organization and the employees under consideration

2. Peer to Peer recognition
   - All CPSEs to introduce Peer to Peer recognition. An online portal can be developed (or integrated with the existing online platform) where one could appreciate and acknowledge anyone’s efforts in the organizations by sending a message to the employee
   - An appreciation week (quarterly/bi-annual/annual) can be setup to promote and rebrand the initiative in the company

(E) PROMOTION AND CAREER MANAGEMENT: All CPSEs should design career paths to ensure right balance between specialization and generalization, movement restriction outside job family must be ensured for specific levels (for instance mid-level managers and below i.e. E-7 or E-6 and below), employees should not be given freedom to move to a radically different job family. The cut-off level (above which movements will not be restricted) can be decided by leaders of the organization in consultation with department heads considering job type, skills required and room for fungibility.

(F) EMPLOYEE ENGAGEMENT: All CPSEs to develop mechanism for employee’s engagement in following manner:

1. Flexi-timings / Work from home:
   a. Identify roles that can be given a flexi time option on experimental basis in the first instance.
   b. Some support functions could be identified to allow 1 hour of flexi timing where they have 1 hour of flexibility from in time, provided they complete total of 8 hours in a day.
2. Implement Wellness programme for all employees offering services such as personalized counselling sessions, health tests, etc.

3. Engagement survey
   a. Conduct an annual employee engagement survey to understand the employee’s needs and preferences
   b. Use the outcomes to build the annual HR strategy initiatives as mentioned in para A.
   c. Communicate the proposed initiatives to department heads and management committee

4. Gender diversity as a core priority
   a. Introducing diversity and inclusion as a KRA for top leadership
   b. Initiating mentorship program for women for work life balance as well as leadership development.
   c. Diversity & Inclusion Officer - a designated person to promote gender diversity initiatives. This could also be an additional responsibility given to an existing role.

(G) TRAINING AND DEVELOPMENT: All CPSEs to develop mechanism for Training & Development in the following manner:

1. Maharatna, Navratna & Miniratna CPSEs to develop/update competency framework in following manner
   • Identify the core job families across the organization
   • Design and develop functional and behavioral competencies for all job families in the organization
   • If a competency framework already exists, revisit to check for relevance and update if required

2. All CPSEs must conduct needs assessment for Training & Development
   • Conduct learning needs assessment exercise annually (Preferably to be combined with performance cycle)
   • Use results of the assessment to design training program according to the needs of various employee groups

3. Miniratna & other CPSEs should develop a detailed annual training calendar and communicate to all employees.

(H) LEADERSHIP DEVELOPMENT: All CPSEs should strive for the following activities.

1. Succession planning
   • Identify critical roles in the organization for which the succession planning is to be conducted.
   • Identify the successor pool for the identified critical roles
   • Conduct competency assessments and design a development journey for grooming of the successors
   The suggested process of succession planning is as under.
   (i) Identification of critical leadership positions
   (ii) Determination of leadership criteria
(iii) Identification of potential successors for each key role based on PMS, experience, background, 360-degree feedback, assessment centre, psychometric test etc.

(iv) The Board of respective CPSEs may finalize the list of potential leaders and also provide inputs such as special assignments, job rotation etc. to enable the high potential individuals to develop greater expertise.

2. Development centers

- Based on the competency framework, design the ideal profiles for leadership roles (AGM/DGM and above i.e. E-5/E-6 and above)
- Conduct development centers to identify capability gaps
- Design an individual development plan for the leaders

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