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## UNIT 11 REDEPLOYMENT AND RESKILLING

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### Structure

11.0	Learning Outcome
11.1	Introduction
11.2	Understanding Redeployment
11.3	Redeployment: Guiding Principles
11.4	Redeployment: Key Issues
11.5	Redeployment Policy Framework
11.6	Redeployment in India with special reference to VRS and NRF
11.7	Reskilling: Meaning and Importance
11.8	Reskilling Process
11.9	Reskilling through Distance Mode
11.10	Conclusion
11.11	Key Concepts
11.12	References and Further Reading
11.13	Activities

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### 11.0 LEARNING OUTCOME

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After reading this Unit, you shall be able to:

- Understand the importance of personnel as an asset;
- Explain the concept, meaning and process of redeployment;
- Understand the key issues involved in redeployment;
- Know about redeployment in India with special reference to VRS and NRF;
- Explain the meaning and importance of reskilling; and
- Understand the process of reskilling.

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### 11.1 INTRODUCTION

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Organisations are formed collectively of individuals. The success or failure of any organisation, by and large, is attributed to the commitment, zeal, enthusiasm or laziness, lethargy and demotivation of the personnel. It becomes imperative for any result-oriented organisation, public or private, to enhance the productivity and performance of its human resource besides focusing on reducing duplication and fragmentation. Goal oriented organisations work towards enhancing their ability to attract and retain talent, which could be diverse as well as capable. To this effect, reengineering has been defined as “the

fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed” (Hammer and Champy, 1993). Thus, one finds that the move for being in terms with required contemporary measures for better performance, the human resource is of crucial importance. Along with reengineering, restructuring of organisation also contributes to making an organisation effective. Restructuring measures are undertaken in a broad policy framework in respect of loss-making manufacturing organisations. It is done for introducing measures, which could lead to better performance and to do away with redundant existing operations and their modalities. Through business process reengineering, many organisations come up with substantive performance improvement, especially in productivity, quality, profitability and above all customer satisfaction. James P. Ware in his paper “The Process Redesign Imperative” has highlighted the following positive lessons which have emerged from experiences with this radical approach: dramatic redesign can produce dramatic outcomes, dramatic performance improvement requires dramatic leadership; it is central to process redesign; process redesign efforts change the nature of work; the nature of management itself also changes”. By and large, the Principles for restructuring process in public organisations aim at

- Protecting and creating quality employment within the public service
- Supporting the key objectives of transformation of the State
- Improving delivery of services to the community, enhancing productivity and performance of public service to meet the national objectives
- Supporting all stakeholders’ rights to have information to assess the impact of transformation
- Promoting good governance values amongst public servants and in this way building the morale of public personnel
- Improving the skill base of the public service (Public Service Job Summit, 2001)

As referred to above, for making an organisation to have best performance, employees at all levels play a crucial role. In fact, to say that they are the greatest asset of any successful organisation will not be out of place. It is through their efforts that rather extraordinary achievements could be on cards and it is equally true that lack of employees commitment can drag an organisation and keep its performance down.

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## **11.2 UNDERSTANDING REDEPLOYMENT**

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An opportunity to be innovative is being provided through redeployment. It enables for complete use of the skills, knowledge and expertise of the employees at various levels and enables them to cope up with the challenges coming their way. An organisation going for redeployment needs to aim at achieving the best use of skilled personnel, while offering learning opportunities to all. “Redeployment is the process at securing alternative employment for staff displaced as a result of organisational change, service modernisation, capability or ill health. The process by which staff accesses different forms of redeployment may vary and individual staff entitlements within this may differ”. (Redeployment Guideline, 2005).

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## 11.3 REDEPLOYMENT: GUIDING PRINCIPLES

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An employee declared 'surplus' maybe redeployed to a position within the department (or another department) where there is a similar match of skills between the employee and the skill requirements of the position.

An overriding principle that is applied to redeployment is that the earlier contribution in the organisation is of value and working towards retaining such experiences would provide opportunity for capability and capacity building. Taking example from Public Service Reform in New Zealand, in the present era of challenges and need for efficient functioning, redeployment options certainly march towards improving change management process and helping the organisations to:

- Retain people who are familiar with organisational networks, culture and behavioural and ethical standards
- Retain institutional knowledge and specialised competencies
- Promote the organisation as an employer of choice
- Reinforce work ethos and commitment to the spirit of service
- Provide both a symbolic and a tangible gesture that the organisation offers employees unique opportunities, such as multiple career pathways and opportunities for development

Regarding guiding principles of Enhanced Redeployment Process, the above quoted document, has referred to the following as additional principles for redeployment.

- The employee is to be consulted on any proposed appointment
- Chief executives and where applicable the union, undertake to encourage surplus employees to seek voluntary redeployment within the wider public service when placement is not available in the employing department
- Individual employee's entitlement to privacy must be respected throughout the process and information about them can only be released with their agreement.
- Any redeployment process must fit easily within the overall restructuring programme and be easy to understand and administer within a reasonable time".

Some of the major reasons for redeployment include internal reorganisation and restructuring adhering to an employees request for redeployment to another post, the post occupied by the incumbent becomes redundant, incapacity of an employee for performing assigned duties, an employee being declared as incapable to perform the assigned role, etc.

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## 11.4 REDEPLOYMENT: KEY ISSUES

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In a learning organisation the focus is also on redeployment for the purpose of retaining and developing experienced staff having required skills. Redeployment facilitates the process of organisational development and modernisation besides adjusting to service changes by safeguarding the skills, experience and motivation of personnel. In any given redeployment

situation, the following have been identified as the key issues (Redeployment Guideline, 2005)

**i) Pre- Redeployment situation**

- a) Total cooperation of all parties and stakeholders
- b) Local Redeployment policy in place
- c) Appointment on temporary basis, if required, until regular and substantive posts are available
- d) Appointment of Redeployment Coordinator (It is the responsibility of the Redeployment coordinator to check: the post or elements of the post are close in nature to that previously held by the employee in the organisation; agreed and required training has been imparted, and any other factors considered relevant by the superior, employee, or Trade union representatives).

**ii) During Redeployment**

- a) Redeployment opportunities sought in Partnership with Trade Union
- b) Displaced staff given preferential consideration for post
- c) Redeployment coordinator co-opted into the area partnership forum
- d) Opportunities for training or retraining accessed
- e) Managers required to provide written reasons for not appointing displaced staff
- f) Redeployment coordinator will liaise between employees
- g) Monitoring arrangements

**iii) Post- Redeployment**

- a) Relocation costs, where appropriate, paid by redeploying organisation
- b) Protection costs, where appropriate, paid by redeploying organisation
- c) Individual Redeployment assessment
- d) Focus groups

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## **11.5 REDEPLOYMENT POLICY FRAMEWORK**

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It goes without saying that any forward-looking organisation is always committed to attract and retain excellent, sincere staff. It has care for the knowledge, experience and skills of the employees.

The exchange of ideas, skills and knowledge, and its promotion through staffing policies and procedures is integral to the organisational work. It leads to the movement of staff between different sub-units of the organisation and benefits the individual and the Unit as a whole.

The changing needs of the organisation and the pro-active management of change mean that staff may need to be considered for redeployment from time to time, either on an individual

or a group basis. In these circumstances, it is recognised that the staff concerned have a body of experience and expertise which shall enable them to continue to contribute to the success of the organisation, given suitable opportunities to do so.

There is a need for an organisation to develop Redeployment Policy suiting its needs, circumstances, resources, challenges and constraints. It calls for an organisation to put on use all reasonable efforts for its staff to work effectively in a redeployment situation whereby both the staff and the organisation stand benefited.

The effective operation of this Policy shall be dependent on the full co-operation of staff and managers in the process and the provision of all necessary and relevant information to support assessment and decision making. For redeployment to be successfully achieved, staff is expected to undertake appropriate training and to exercise flexibility in considering available opportunities.

For a Redeployment Policy to be effective there is need for un-stinted support and cooperation of all concerned. Detailed information about the staff, organisational objectives, past performance record of personnel, future vision of organisation, etc., is a must to carve out a Redeployment plan. It is also necessary to make enough space for training and reorientation of the staff to be redeployed so that the purpose of the policy, including the following, is achieved.

- To follow a consistent and unbiased mechanism in administration of Redeployment
- Proper skills to be inculcated and knowledge to be imparted to the Redeployed staff in the interest of work efficiency
- To make sure that the redeployed staff owe allegiance to the organisation
- To motivate the redeployed staff and recognise their contribution.

The Redeployment Policy needs to be designed in such a way, wherein the personnel in the organisation are provided with the opportunity to have alternative employment within the organisation. The Head of the sub-unit in the organisation shall have the onus to find avenue for a person within the same sub-unit so that the earlier acquired skills and experience could be made use of. In case, the opportunity for after native employment is not available, efforts are to be made for Redeployment of the staff in other sub-units, of course, in keeping with the nature of work, quantum of work, and specialisation of the member to be redeployed. The organisational management should ensure that the person being redeployed is in the same grade or a grade below so that the person redeployed is not demoralised and demotivated.

In the interest of fair and considerate ethics, it shall be responsibility of all concerned that the policy is implemented without being unfair and biased towards such employees who are otherwise considered eligible to be redeployed. Further more it shall be the responsibility of all concerned to work towards successful implementation of the Policy. (For more details, Redeployment Policy of the University of Sheffield may be consulted at [www.shef.ac.uk](http://www.shef.ac.uk)).

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## **11.6 REDEPLOYMENT IN INDIA WITH SPECIAL REFERENCE TO VRS AND NRF**

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In India, industrial restructuring as an essential component of economic reforms was introduced in July 1991 in the name of New Economic Policy. Structural adjustment as a global phenomenon relied heavily on manpower rationalisation for its success. Shedding surplus workers under the programmes of structural reforms was initiated in many countries.

It is in this context the voluntary severance, in various forms and contents, has emerged as the most commonly accepted policy option for tackling labour redundancy all over the world. The experiences of different countries though varied in its content and effect, the impact was very severe as millions of workers, employees have lost their jobs with certain wage compensation and without any thing to offer to the retrenched employees, where the IMF/World Bank aided programmes were implemented in Pakistan and Bangladesh. In China also the experiment of labour redundancy took place in a different manner, where in China emphasised on absorption of surplus labour through expansion and diversification of various industries (Guha, 1996). The World Bank in its Golden Shake Hand programme conceived that the Voluntary Retirement Scheme (VRS) is based on with a planning to offer attractive package and counselling assistance for redeployment both inside and outside the bank.

In the wake of New Economic Policy, it is widely apprehended that the drastic measures of reforms are bound to lead to serious problems of mass retrenchments and displacement of labour. The Government through NEP repeatedly assured the country that the structural adjustment will be made with a human face and only with consultations (Both bi-partite and tri-partite) and co-operation. The Government reiterated its commitment to protect the interest of labour, enhance their welfare and equip them in all respect to face the technological change.

### **Exit Policy**

The logical corollary of the economic reforms is a liberal exit policy. It deals with the closure of the loss making units and retrenchment of labour. It is felt that an effective exit policy is necessary, for the speedy implementation of structural reforms. “Golden Hand Shake” is a management term for exit. It is also known as “retrenchment without tears” by managers and “forced retirement by labour”. Voluntary Retirement Scheme (VRS) has become the basic component of labour adjustment strategies adopted by management in both public and private sectors.

Exit policy means freedom for the employers to close down the sick and loss making units and retrenches the surplus labour. Among other things the objective of exit policy is to increase the potential for further growth of job opportunities.

The exit policy intends to provide a “right to shrink” in various ways such as: reducing the operations, retraining and redeploying surplus labour force, expanding the operations through diversification or even the closure of the industry as a final alternative.

With the establishment of National Renewal Fund (NRF) exit policy has become more pronounced. NRF is designed to be the safety mechanism, to provide training of workers who are adversely affected by structural adjustment programme (SAP). The trade unions have not reconciled with the idea of exit policy and vehemently opposed to the use of NRF for retrenchment benefit to the workers.

The New Industrial Policy affected all the vulnerable section of the society either directly or indirectly. Workers have to accept wage restraint, redeployment and retrenchment.

Some expert and the supporters of the SAP believed that in the long - term there will be an overall improvement in employment and in the medium – term employment will grow in the organised sector, and short-term employment growth would be very less.

Whatever may be, the exit policy played havoc with the employment generation and social commitment of the planning, through diversion effect and displacement effect. The policy

created insecurity and uneasiness in the Indian Labour World. Therefore, the Government has a special responsibility to save the workers.

The economic reforms threatened to create substantial additional unemployment since a sizable quantity of surplus labour had been carried over from pre-reform days. Unemployment due to restructuring is expected to arise from the closure of some of the economically non-viable enterprises, downsizing of the workforce in other weak units and adjustments in labour force necessitated by technological innovations.

### **Estimates of Labour Redundancy**

The labour redundancy arising from two sources:

- (i) Closure of the non-profitable, terminally sick units; and
- (ii) Workforce rationalisation for securing long-term viability of currently loss-making units.

According to one estimate that two – thirds of the employment in all sick enterprises is taken to be redundant. 17-18 per cent of workers in the 58 public sector units “chronically loss making” is also redundant, which will be about 3.3 million and altogether about 27.8 per cent of the total employment in the Central PSUs is found redundant which is estimated 0.614 million in 1988-89. Employment in the 81 enterprises of the employment, the sick subset, was 0.53 million or 64.6 per cent of the employment in all non-profitable enterprises.

According to another estimate one – third (33 per cent) of the sick Central PSUs will be wound up. Half of the sick private enterprises will be closed down and they will shed down 25 per cent of their workforce and 35 per cent in the central PSUs.

The following table will show the extent of labour redundancy during 1990-91 in millions for various reasons:

	Central PSUs	Private organised Sector
Total redundancy	0.381	0.992
Per cent of Total employment	17.9	12.9

Redundancy in other sectors is estimated as under:

Central Government	:	0.610 millions
State Governments	:	1.273 millions
Local bodies	:	0.414 millions
Quasi-Governmental Organisations	:	1.114 millions
Public Sector	:	3.411 millions
Private Sector	:	0.992 millions

These estimates suggest that 75.6 per cent of redundant labour is found in the service sector. Indeed, public services account for more than 66 per cent of all potentially redundant labour, much of this surplus labour exists at the level of state and local Governments.

### **Voluntary Retirement Scheme**

The new industrial policy decided to reduce a sizeable redundant labour without causing much dissatisfaction to the outgoing labour. Therefore, instead of painful retrenchment, a better option, which will be more acceptable to the workers, was thought to be introducing

the Voluntary Retirement Scheme (VRS). VRS offered attractive package of benefits, therefore, it enabled a firm to rationalise labour strength, attain cost effectiveness.

Throughout the world, various countries like USA, Canada, UK, Japan, and Scandinavian countries, China, Pakistan, and Bangladesh etc introduced some kind of voluntary retirement or voluntary severance schemes. The developed countries provided adequate social security measures like the unemployment insurance. In these countries, before the introduction of VRS, there were free and transparent discussions between the workers and their trade unions.

In India, the management tried to tackle the problems of business recession, industrial sickness, technology induced labour redundancy by adopting voluntary retirement strategy as a means to reduce the labour cost.

### **Guidelines for Voluntary Retirement**

Guidelines for voluntary retirement for the employees of public sector enterprises were issued on 5<sup>th</sup> October 1988, by the Bureau of Public Enterprises. Following are the main conditions for opting for VRS:

- i. 10 years of service or 40 years of age.
- ii. The terminal payments available to employee seeking VRS are:
  - a. The balance in the Provident Fund
  - b. Cash equivalent of accumulated earned leave as per the rules
  - c. Gratuity as per the gratuity Act.
  - d. Ex-gratia payment equivalent to 1 ½ months pay + DA for each completed years of service left before normal date of retirement which ever is less.

Later on, the scheme was made much more flexible to benefit the workers.

In November 1995, the planning and Economic Affairs (BPE) Department issued a circular recommending guidelines for introduction of VRS in the state public sector undertakings as in the Central Government Public Sector undertakings.

The conditions for VRS are:

1. The posts which are allowed to avail the VRS should be abolished.
2. The expenditure should be met by the Public Sector undertakings themselves.
3. The other conditions, which are applicable to Central Public Sector undertakings.

### **The Causes for Taking VRS in the Industries**

The reason for taking VR were many but the main reasons were classified under eight major heads (Guha, 1996)

1. Apprehension of closure of unit (30%)
2. Poor health of workers (24%)
3. Debt clearance (11%)
4. Marriage and Education of Children (10%)
5. Setting up of children in Business (4%)
6. Anticipation of good career/business (3%)
7. Return to native place (2.3%)
8. Constructing house or purchase of land (2%)



9. Other reasons (15%) (The figures in brackets are percentages of VR workers according to reason)

### **VRS in the Government of India**

Based on recommendations of the Expenditure Reforms Commissions (ERC), a Liberal Voluntary Retirement Scheme was introduced in the Government of India in February 2002 to downsizing, rightsizing or restructuring for optimising the Government Staff strength. Detailed guidelines to this effect were issued to all the Ministries/Departments by the Ministry of Personnel, Public Grievances and Pensions and Training.

### **The Features of Special VRS**

1. All permanent employees rendered surplus irrespective of age and service can opt for VRS.
2. Ex-gratia payment to VRS employee, equal to basic pay plus DA on the basis of length of service at the rate of 35 days for each completed year and 25 day for each remaining year.
3. Ex-gratia will be to a minimum of Rs. 25,000/- or 250 days of emoluments.
4. The Ex-gratia will be paid in lump-sum
5. The Ex-gratia amount up to Rs. 5.00 lakhs will be exempted from Income Tax.
6. The post held by the retiring incumbents should be abolished.
7. The VRS will be made applicable as per the order of Government issued in April 1989, "steps for identification of surplus staff".

Thus, the Government of India announced to reduce their staff by 10 per cent in four years, and effect economy in Government expenditure. It has decided to retire 25 per cent to 50 per cent of the officers at the age of 52 to 55 as it is done in the army.

Many other drastic measures were taken ruthlessly to reduce the expenditure. The All-India State Government Employees Federation, Central Government Employees Confederation and All India Defence Employees Federation and other organisation vehemently opposed the Governments move against the welfare of the employees.

No opposition could stop the reduction measure taken by the Central/State PSUs, Private Industry/Central Government and Banking sectors. In fact, the initial opposition based on certain apprehensions could not be sustained due to lucrative benefits and the lump-sum amounts offered through the VRS. There are no proper statistics but millions of employees took to VRS on a competitive basis, which led to closure of the units completely, and thousands of crores of rupees were paid to VR workers through National Renewal fund. Many things unwanted happened due to the defective VRS and faulty estimates of NRF.

### **The Impact of VRS on VR Workers**

An in-depth analysis of the impact may not be possible. For not many studies are made on this aspect. However, certain findings can be noted:

1. The expected benefits of rehabilitation were not available to a large number of employees who took VRS.
2. 10% of VR workers did not show any interest in any kind of rehabilitation. They were mentally upset.
3. 20% were not eligible for any kind of rehabilitation facilities as they were 55 years of age and above.

4. 5% of the VR workers had some confidence in the Government Programmes for Training and Redeployment.
5. The Success and failure of the VR workers depended on the interest of the workers as well as on the attitude of the PSEs and the Government in providing retraining and deployment.

### **Redeployment in Central Government**

A scheme of redeployment of surplus staff has been in operation in Government of India since 1966. The work relating to redeployment and readjustment of surplus officials belonging to group A, B and C is handled by the Central (Surplus Staff) cell located in the Department of Personnel and Training, while that relating to group D staff is handled by the Director General of Employment and Training (DGET) of the Ministry of Labour. Till 1989, there was a provision for compulsory retirement of all those surplus officials who neither opted for voluntary retirement nor could be redeployed within six months of being declared as surplus. This provision was discontinued in 1989. So far, of the 9214 group A, B and C officials accepted in the Central Cell, 8662 are reported to have been redeployed, 72 retrenched or resigned, 235 retired voluntarily or on superannuation, while 245 are awaiting redeployment of the 6211 group D personnel declared surplus, 5559 were placed / nominated in alternate jobs, the rest are still awaiting deployment at the end of June 2000.

Now, the personnel declared surplus would be transferred to the surplus cell, now called division for Retraining and Deployment for Retraining and Redeployment.

### **National Renewal Fund (NRF)**

The new Industrial Policy announced by the Government of India on July 24, 1991 that “the government will fully protect the interest of labour, enhance their welfare and equip them in all aspects to deal with the inevitability of technological change. Government believes that no small section of society can corner the gains of growth, leaving workers to bear its pain. Labour will be made an equal partner in progress and prosperity. Workers’ participation in management will be encouraged to participate in the packages designed to turn around sick companies. Intensive training, skill development and up gradation programmes will be launched”.

The concept paper on National Renewal Fund (NRF) prepared by the Department of Industrial Development (January 1992) assured that labour will be retrained, their technical skill upgraded and surplus labour will be suitably redeployed. During discussions on the paper it was agreed that the labour will not be thrown out of employment in the name of modernisation.

Thus, the NRF was constituted on February 3, 1992 but became operational only in early 1993. On May 5, 2000 the NRF in its original form was abolished accordingly. At present, the budgetary support for implementation of VRS in Central Public Sector undertakings has been made available directly to the concerned administrative Ministries by Ministry of finance from the financial year 2001-2002 and funds required for retraining / rehabilitation of employees availing VRS has been placed with Department of Public Enterprises from 2001-2002.

### **Objectives of NRF**

NRF has three objectives:-

1. “to provide assistance to cover the costs of retraining and redeployment arising as a result of modernisation, technology up gradation and industrial restructuring”.

2. “to provide funds, where necessary, for compensation of affected by restructuring or closure of industrial units, both in the Public and Private Sectors”.
3. “to provide funds for employment generation schemes both in the organised and unorganised sectors in order to provide a social safety net for labour”.

The NRF was envisaged in two parts:

1. The National Renewal Grant Fund (NRGF)
2. The Employment Generation Fund (EGF)

### **I. National Renewal Grant Fund**

The funds are expected to be disbursed in the form of grants for assisting employees affected by technology up gradation, modernisation, restructuring and revival of industrial undertakings specifically for approved schemes relating to:

- i. Counselling, retraining and redeployment of displaced workers,
- ii. Workforce reduction through retrenchment and voluntary separation and
- iii. Soft loans for labour restructuring by weak industrial units.

### **II. Employment Generation Fund**

It provides funds for approved employment generation schemes for both the organised and the unorganised sectors such as:

- i. Special programmes designed to regenerate employment opportunities in areas affected by industrial restructuring.
- ii. Employment generation schemes for the unorganised sector in defined areas.

The NRF assistance was extended to workers rendered jobless after July 1991 through the following institutional structures:

- i. Employee Resource Centre (ERC)
- ii. Employee Assistance Centre (EAC)

#### **Employee Resource Centre**

ERC screens the rationalised workers providing identity cards indicating their skills, experience profile and preference for the future. The ERC is located in the industrial unit itself where from the employees outflow takes place. It is the first agency which comes into contact with displaced workers. Therefore, its role is very important in the final rehabilitation of rationalised workers. The ERC provides a range of services/counselling involving guidance about retraining facilities.

The ERC rebuilds morale by psychological counselling. A self-help guide along with the details of opportunities of jobs available in the labour market are provided to help the workers to resettle without much worry and make productive use of their time and the money they got through VRS.

At the end of 1996, there were 47 Central Public Sector units, out of 61 receiving NRF assistance were having ERC units, managed by the funds and the staff of the industrial units. They extended counselling facilities only to about 15 thousand workers out of about one lakh workers who took VRS. The statistics indicated that only a few ERCs functioned well and only 10 per cent workers were counselled.

#### **Employee Assistance Centre (EAC)**

A network of EACs in the cities of sufficient worker outflows aimed at equipping the workers with input for wage-employment or self-employment. EACs surveyed displaced

rationalised workers, possible job avenues, skills in demand and training infrastructure available and counselling / retraining redeploying the affected workers. Retraining is imparted in capsule form for skill up gradation or skill formation. Workers are provided entrepreneurship training. They are guided in getting finances and raw materials and supported in running the business in the areas of marketing, taxation, environmental conditions etc.,

### **Pilot Project**

The Department of Industrial Development of Government of India set up five pilot projects. These pilot projects were entrusted to five nodal agencies in Ahmedabad, Kanpur, Mumbai, Kolkata and Indore.

The Nodal Agencies were asked to set up Employee Assistance Centres to assist Employee Resource Centres set up in the enterprises needing rehabilitation services. The EACs have to conduct systematic survey of workers targeted for assistance, identify their training needs, and locate suitable centres to provide retraining in vocational skills as are in demand in the local area. As most of the VRS workers possessed low levels of education and advanced age, the training courses that are given to these need to be designed to impart practical skills. In practice, they have taken the form of part-time courses spread over three to five months. Workers who are not interested in vocational skills were to be provided training entrepreneurship development to enable them to start business of their own.

The nodal agencies prepared action plans in early 1994 and they were provided funds in September 1994 to undertake counselling, retraining activities and provide escort services to needy workers to obtain funds from banks for their self – employment.

All the Employee Assistance Centres formulated Annual Action Plans on the basis of surveys. Groundwork for retraining by Employee Resource Centres has benefited about 10,000 employees.

Besides, the nodal agencies, EACs, ERCs the Directorate General of Employment and Training of Ministry of Labour Government of India has also offered vocational courses, through six advanced Training Institutes (ATIs) and 15 Industrial Training Institutes (ITIs) all over India.

Employees Assistance Centres were in operation in about 50 centres. To an estimate by the end of 1997, the centres surveyed (60,416) workers (60,416), counseled (29,220), retrained (19,334) and redeployed (4,488). The response from the displaced workers for these short term training was poor, as only 10-15 per cent workers showed some interest.

### **Assessment of NRF**

Though the economic reforms were initiated in June 1991, the NRF was set up 1992 but it came into operation in 1993. It was delayed in the beginning. The NRF package was designed with unemployment insurance scheme was yet to be finalised, special employment programmes are yet to be designed, area regeneration activities are yet to be taken up and retraining facilities were not fully organised. The initial delay caused adverse impact on employment.

The NRF covered mainly the permanent workers who have opted for voluntary retirement under VRS, belonging to:

- a. The Central Government Departments and CPSUs
- b. State PSUs and

c. Large private industrial enterprises.

It was observed that the NRF package is not comprehensive enough to take care of the interest of workers. The components of the safety net of the package are limited and inadequate as it left out the unorganised sector.

The quantitative dimensions of the NRF are also far from adequate in terms of coverage of PSU workers and insignificant in terms of training, retraining and redeployment. NRF emerged as a haphazard cosmetic measure, which failed to give human face to the reforms. The NRF also could not promote restructuring of units and could not facilitate their closure. The retraining and reskilling measures undertaken under NRF were not effective as they are not planned in the light of the needs of the labour market. Thus, the meaningful counseling, retraining and redeployment activities remained a distant dream.

On the other hand, NRF almost came to a halt due to the cost increase as the increasing numbers of managerial staff opted for “Golden Shake Hand” from the Central PSUs only to take better paid jobs in the private sector. This was not the objective of NRF to allow the flight of managerial talent for lucrative personal gain.

Thus the general picture is the NRF made some progress in involving VRS. Even this only scratched the surface of the problem it was expected to solve. The NRF programmes could not be fully successful for want of past experience and it is designed on inappropriate assumptions in assessing the stock of surplus labour and the amount of cost involvement for VRS. The NRF must have taken care to prevent the flight of talent to reduce the cost increased and to retain the talent.

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## **11.7 RESKILLING: MEANING AND IMPORTANCE**

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It is almost imperative for any organisation, which endeavours to achieve targets effectively, to find, retain, develop, deploy, redeploy and reskill its workforce. To keep pace with the newer challenges and to overcome existing constraints, it becomes essential that matching skills are inculcated amongst the organisational personnel. The employees, which are an asset, need to reorient leading to appropriate management of the intellectual capital for competitive advantage. Thomas A. Stewart in his book, *Intellectual Capital*, has defined intellectual capital as “intellectual material-knowledge, information, intellectual property, experience-that can be put to use to create wealth”. In other words, the intellectual capital can help in not only achieving the fixed targets on time but also developing and executing such plans whereby the organisation could do not only the best but also to the satisfaction of all concerned.

Ellen H, Julian and Christopher Boone (2001) have stated that it is rather an expensive way to have skilled employees. It is a fact that integrated recruiting and training approach has been a success but it also quite challenging because any error in recruitment or proper training could make an organisation to pay a dear price because an improper selection or lack of required training / orientation could make an employee rather than an asset, a liability, which could stand in the way of accomplishing pre-fixed goals and objectives. “Reskilling internal resources have emerged as an exceptional method of both maintaining productivity and developing talent. However, utilising a learning management system will be critical to understand the training and individual involvement to make reskilling appropriate. Reskilling continually develop employees’ skills can be a complete process. Reskilling enhances job satisfaction, reduces employee turnover, and lessens the needs to outsource or hire contract labour” (Julian and Boone, 2001). It is also worth mentioning here that reskilling provides an opportunity to the employees to proceed towards a new career path with the same employer. It enables both the employees and employers to be in an advantageous position as both get in

position to have more trust and commitment. It further provides a chance to the personnel to make use of their already acquired skills in conjunction with the newer opportunities and challenges faced by the organisation.

It is often said that organisations must attempt to retain the talent having been invested in and developed over the years. But it has to be understood with the assumption that employees who have not been working properly could either be fired or retrained/reskilled. Certainly, the later option is more beneficial. The point has been stressed by Zia Askari (2002) in the write-up ‘Reskill to Retain’ as ‘polish your most critical assets, your people with utmost care. Be quick to train them when they need it, in areas most profitable to you. It’s time to brush away the dust.....’. The write-up has come out with the following six-point agenda of reskill to retain.

- Reskilling employees should be an ongoing process
- Reskilling keeps top performers cognizant of new tools available in the market
- Let high performers focus on what they do best for the firm
- Conduct quarterly follow-ups with employees to accelerate skill development
- One-to-one monitoring accelerates total personality development, especially with team leaders
- Training should avoid unrealistic expectations like creating superheroes or replicas of the boss.

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## **11.8 RESKILLING PROCESS**

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Each successful organisation reviews the performance of its employees in a meaningful manner not with a negative end to punish the defaulters but with a positive goal to improve those who are not up to the mark and further strengthen the ones who are best performers. Moreover, the competitive environment calls upon organisations to continually up-bringing their employees, who in turn contribute in developing required infrastructure. Inculcating skills to the new recruits is as much important as it is to impart and inculcate new skills among the employees. If one looks at the reskilling process in totality, probably the take-off stage is to conduct an effective employee audit. The staff audit helps in: updating the employees records; identifying and initiating steps to do away with such employees who are on the payroll but actually are only shadow employees; chalking out plans for better accuracy of subsequent workforce analysis; and reviewing job positions and assigned duties. It thus brings to light that staff audit provides not only information on personnel but also gets information on strength of employees on different positions in different sub-units; employees performance record; employees skills, etc. It paves the way for a through assessment of employees skills primarily with focus on elements like current skill levels assessment; highlighting and forecasting future skill requirements; identifying gaps between current and likely required skills for surfacing areas of skill surplus and skill shortage (Labor Tool Kit, 2002).

The managers and other superiors in the organisation normally are aware of the skill level of the subordinate and also the required level of skills in order to meet with the targets. It is for the operational managers to update the top management about the existing gaps and also to suggest ways for abridging the hiatus. In every organisation, there are Key Performance Areas or Key Result Areas which need to be given more attention as lack of required performance on count of KRAs can be dangerous for the efficacy of the organisation. Therefore, it becomes essential to list out the critical skills and efforts need to be put in to

reskill the workforce in those areas to avoid disappointment and failures at a later stage. The Plan of Action for reskilling needs to pay attention to certain points, viz. proper listing of required skills and its prioritisation; effective identification of the personnel to be reskilled in specific areas. Framing of such training / orientation programme which matches with immediate job requirements; tailor-made reskilling exercises for future needs of the organisation; proper identification of trainers; periodic monitoring of the effectiveness of the training imparted for reskilling purpose; identification of gaps between retraining and actual job performance; through evaluation of reskilled activities; and updating the reskilling framework process.

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## **11.9 RESKILLING THROUGH DISTANCE MODE**

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Especially, in civil services the number of employees engaged in different organisations at various levels has increased substantively. It has become almost impossible for any cluster of organisations to periodically retrain and reskill the employees in a face-to-face mode. Thus, over the period of time, the idea of retraining / reorienting / reskilling employees in public, private, and non-governmental organisations through distance mode is gaining currency. Rather fast and innovative developments in telecommunication and satellite technology have provided significant support to the idea of constantly retraining the workforce. There is sufficient interest being shown by the government, business and industry to make use of audio/video conferencing, electronic performance systems, and online web-based programme for the purpose. To be effective in reskilling employees through distance mode, the role, responsibility and performance of the Training Institutions become much important. It requires to have through analysis of the job/business needs, identification of strategic training programmes, conceiving a training programme having conceptual knowledge and practical components, demonstrating how to performance a given task in assigned time, focussing on delivery tools by developing organisational technology plan and suggesting ways for its implementation, designing mechanism for ensuring required implementation support, encouraging trainees at the receiving end to raise their concerns and queries and responding to the same in a satisfactory manner, asking for online feedback on implementation, advising superiors to periodically review the effectiveness of the skills imparted and seeking their suggestions for further improvement in content and delivery of retraining / reskilling exercises. The underlying assumption of reskilling through distance mode is to enable a large number of employees in different organisations to develop cognitive strategies for self-learning and independent critical thinking. All said and done, the purpose is also to remove the mental blocks and bring attitudinal changes in the employees besides increasing their motivation and boosting their morals (Schreiber and Berge, 1998).

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### **11.10 CONCLUSION**

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Employees are the greatest asset of any organisation. At times, it is due to structural adjustment programme and the consequent economic reforms, number of them loose their jobs besides sizable number become inappropriate to keep pace with the newer challenges faced by the organisations and thus being laid off. It is very much essential to estimate labour redundancy properly. The Voluntary Retirement Scheme, the Exit Policy and the Golden Shake Hand in India, not only allowed the surplus labour to go but also permitted the flight of managerial talent from Public Sector to the Private Sector. The Voluntary Retirement Scheme and the National Renewal Fund were not properly designed. Many managerial staff enjoyed the fruits of VRS and NRF, and only the poor, aged, uneducated were the ones who suffered for want of effective retraining and redeployment facilities. There was no proper

planning in estimates of the out go and the cost involved to pay them as VR compensation. Thus, the NRF could not be imaginative and effective in solving the problem. An attempt has been made in this Unit to highlight the positive side of redeployment and reskilling whereby both the employers and the employees benefit.

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## 11.11 KEY CONCEPTS

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**Reorganisation:** By reorganisation is meant to take up steps for bringing new initiatives in the organisation. It is an act of organising the structure and work differently in comparison to the on-going practices and modalities. It calls for extensive and innovative changes in the organisational working and culture.

**Reorientation:** Organisations in the contemporary market-driven global economy often encounter reduced revenues, market compulsions, growing competition, financial crunch, mass layoffs, customers'/clients' expectations, etc. The management attempts to find out ways for coping with the emerging challenges and regain solid footing by realigning and refocusing employees for positive and forward-looking performance. It can be achieved by revisiting, solidifying, and communicating a forward-looking vision, equipping leaders and managers to connect individual employees with the organisational vision and shared goals, framing and executing open communication plan, etc. (Reviving up the Word "P" Productivity).

**Restructuring:** It has become quite important in the contemporary period, mainly due to technological advancements, globalisation, knowledge society, replacement of industrial society with information society, changes in demography, substantial growth in Foreign Direct Investment, etc.

**Skills:** Almost performance of any duty requires skills. Thus, skills help the employees to solve problems, achieve goals and accomplish targets timely. Skills may be innate or acquired. Normally, the skills of an employee are improved with practice

**Staff Redundancy:** Redundancy is defined as a dismissal of an employee either because of the employer's decision that the job done by an employee is not required to be performed or because of employee's lack of capacity to perform the job. Often, when the job is declared redundant, it is obligatory on the part of the employer to comply with severance allowances and other related separation benefits, which are over and above all other dismissal requirements.

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## 11.12 REFERENCES AND FURTHER READING

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## 11.13 ACTIVITIES

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1. Discuss the importance of redeployment by quoting references from such organisation in your area, which has used it.
2. Do you think reskilling can prove to be beneficial to both the organisation and the employees, if yes, substantiate with suitable examples.