

A Study on Recent Trends in Training Programmes of Petroleum PSUs in India

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Abstract

Having strategic importance and being one of the six core industries in India, the oil and gas sector (petroleum sector) plays a pivotal role in influencing decisions across other important spheres of the economy. India is the fourth-largest energy consumer (2013) of oil & gas in the world, accounting for 37 per cent of total energy consumption. The oil consumption is estimated to reach four million barrels per day by FY16, expanding at a compounded annual growth rate of 3.2 per cent during FY08-16. By 2025, India is expected to overtake Japan to become the third-largest consumer of oil. In India there are 19 refineries in the public sector and three in the private sector. In FY14, public sector refineries accounted for 53.4 per cent of total refinery crude throughput.

The total contribution of oil and gas sector to the Gross Domestic Product (GDP) is 15%. The immensity of this sector is corroborated by the fact that there were a total of 130,000 people employed in the petroleum industry in 2009-2010 and now further increased. It requires 25,000 additional professionals in the next five years due to business growth and retirement or attrition in the sector. Almost 80 percent companies reported that technical skills were a key shortage area and half stated that management skills were in short supply. In order to fill the gap, there is a greater need of trained and skilled manpower in this sector. Considering significance of the training, the PSUs have invested significant share of their profit on training. Having this background, this paper explores on training practices/programs instigated

by public sector petroleum companies in India, their comparative analysis and amount spent on training activities.

(Key Words: Training Programs, Investment, Human Capital etc.)

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1. Introduction:

The India has been among the world's fastest growing economies. With expanding economy comes an increasing demand for energy and, if current trends continue, India will be the world's third largest energy consumer by 2020. Due to the expected strong growth in demand, India's dependency on oil imports is likely to increase further. The rapid economic growth is leading to greater outputs, which in turn is increasing the demand of oil for production and transportation. The National Gas Hydrate Programme (NGHP) Expedition-02 and 03 are under advanced stage of planning and are due in the period 2014 - 2017. The oil and gas sector plays a key role in economic development of India, since it fuels the growth of all other sectors. The total contribution of oil and gas sector to the Gross Domestic Product (GDP) is 15%. The oil consumption in India is projected to enhance by 4%-5% per annum to 2015, indicating a demand

of 4.01 million b/d by 2015. (Source: Ministry of Petroleum and Natural Gas, Govt. of India).

The vastness of this sector is corroborated by the fact that there were a total of 130,000 people employed in the petroleum industry in 2009-2010 and further increased. The India's oil and gas sector will require 25,000 additional professionals in the next five years due to business growth and retirement or attrition in the sector. This is equivalent to around 48% of the current employee strength (Source: Report on Ernest and Young's Manpower demand and supply study for oil and gas sector, 2009). But at the other end, the industry currently identifies shortage in a wide range of skilled occupations including technical, management, finance, marketing and leadership. Almost four out of five oil and gas companies reported that technical skills were a key shortage area and half stated that management skills were in short supply (Source: International Labor Organization, Global dialogue forum on future needs for skills and training in the oil and gas industry, Geneva 12-13 Dec. 2012). In order to fill the gap, there is a great need of trained and skilled manpower in this sector. Considering significance of the training, the PSUs in India have invested a share of their profit on training.

The training has become an integral and important part of every organization. It is the process for providing required skills to the employee for doing the job effectively, skillfully and qualitatively. The Improved capabilities, knowledge and skills of the talented workforce proved to be a major source of competitive advantage. Today, organizations are investing more in effective training and development programs to make the best use of human resource capital. The training enables employees to develop skills and competencies necessary to enhance bottom line results of the organization. It increases the job knowledge and skills of the employees at each level and helps to expand the horizons of human intellect and an overall personality of the employees. It is an attempt to improve current or future performance of the employee.

The training enhances employees' initiative and quality of work thereby assisting them to be more committed to achieve organizational goals and objectives and in turn enhance employees' initiative within the organization. The recognition of the importance of training in recent years has been heavily emphasized. The Indian organizations have realized that the employees are the most valuable asset. The organizations invest a lot in effective training and development of human resource to achieve both short and long term goals. The training has become a tool to achieve strategic goals. It is not viewed by the organization as an expense but as an investment. The Hindustan Petroleum Corporation Ltd. (HPCL) believes in harnessing the full potential

of all employees for becoming a world class energy company. The Indian Oil Corporation Ltd. (IOCL) always made special efforts to polish and develop its human capital. At Bharat Petroleum Corporation Ltd. (BPCL), commitment of its employees is a major resource. It realized that only a happy employee will put his best foot forward with customers.

II. Literature Review:

V.S.Rama Rao (2010) found that training helps in increasing the knowledge and skills of employees and further improves their performance. The training enables the employees to work more efficiently at the present while preparing themselves for the higher level of jobs in the future. **Srinu (2012)** studied the training and development programs related to executive level, supervisory level and workmen level employees and their influence on implementation of an appropriate system to suit the needs of the organization and further studied about opinions of the trainees and trainers of staff at NTPC Ltd. The author found that training and development program were effective and added value to the job. **Singh and Mohanty (2012)** concluded that training has a significant role to play on productivity as productivity per employee has a direct relationship with training imparted in the employees across sectors. The firms can develop and enhance the quality of current employees by providing comprehensive training and development programs. The training gives employees a chance to learn their job virtually and perform it more competently hence increasing firm's productivity.

Chahal (2013) found that training and effectiveness boost the morale of the employee, upgrade skills, improve their performance and gives them the opportunity to get lucrative job and excel in their jobs also. The training aims at providing the trainee the opportunity of changing their behavior and contribute to their effectiveness and upgrade their skills. **Bhatt (2013)** concluded that organizational performance is significantly determined by training imparted to the employee or in other words training is an important antecedent of performance. The author found that the performance of an organization relies on the employee commitment which in turn depends on the HR policy of Training and Development. **Subbulakshmi and Tamilarasan (2013)** concluded that training has positive effect on the employee performance and helps the employees to build their personality better to face the challenging business environment.

Palanichemy and Rajeshwari (2014) identified that training is important in making the organization gainful as most of the organizations conduct appropriate training program on regular basis to meet current demands. However, the main purpose of the training is to increase the employee's skills which eventually make the organization more

gainful. **Singh and Singh (2014)** concluded that training and development of all human resources is a continuous process and must not be treated as nonproductive activity. The competitive edge for being successful and to become the market leader is ultimately provided by the quality of human resources that an organization retains and maintains and naturally it becomes the deciding factor for the organization's success, growth, sustainability and profitability in the long run. The training and development as a global phenomenon is needed in all concerns domestic or international.

Dassler (2000) suggested that the primary role of any training is fundamentally improving the employee's inherent skills for the present and future assignments and responsibilities because it helps the employees to change themselves with all possible aspects of technology changes and mounting competitions. **Kole (2002)** recommended that training helps the employees to learn new concepts, refreshes their skill sets, improves their work attitude and ultimately boost the productivity and quality of services to attain maximum customer satisfaction.

III. Objectives of the Study:

1. To study the Training practices/programs instigated by public sector petroleum companies in India, viz. HPCL, IOCL and BPCL.
2. To make comparative analysis of different programs at different levels initiated by these companies.
3. To make analysis of the amount invested in human capital (for training) by these companies.

IV. Research Methodology:

The present research paper is based on exploratory research, considering secondary data sourced from journals, company reports, company websites and articles. In view of the objectives of the study, the descriptive research design is employed to have greater accuracy and in depth analysis of the available statistics. Different articles, journals, company reports and websites were used which are enumerated and recorded properly.

V. Discussion and Analysis:

In the present study, three public sector petroleum companies, viz. The Hindustan Petroleum Corporation Ltd. (HPCL), The Indian Oil Corporation Ltd. (IOCL), Bharat Petroleum Corporation Ltd. (BPCL) have been taken to explore on their training practices. The different projects and programs on training started by these companies are studied and then comparative analysis of these programs is made.

A. Training practices/programs instigated by Public Sector Petroleum Companies:

a. **The HPCL** is a Government of India enterprise with a Navratna status and a Forbes 2000 and Global

Fortune 500 company. The HPCL has earned the 'Top Performer' status for two consecutive years FY 2011-12, 2012-13, as the topper in the MOU ratings, in the oil industry. The HPCL has bagged the Award 'Organization with best HR strategy in line with business' and also got 'Greentech Best HR Strategy gold award'. It believes in harnessing the full potential of all employees for becoming a world class energy company, to arouse passion and emotional involvement of employees around a common purpose. With this objective, the HPCL embarked upon a process of organizational transformation called Project ACE (Achieving Continuous Excellence). The Project ACE was conceived to develop a co-created vision shared by the organizational members at large, thereby transforming HPCL into an innovative and learning organization where employees continuously acquire new skills and capabilities to excel, and achieve outstanding business results.

It also has a state of the art learning center at Nigdi, Pune called HPMDI which is a certified ISO 9002 institute where a wide range of Functional/ Behavioral/ Managerial programs are conducted. Carefully designed and developed, these programs are conducted by experts drawn from reputed academic institutes to management consultants. The HPCL also developed an e-learning portal using which employees can enhance their technical and behavioral competencies. Besides this, it also started project Samavesh in 2006 to build a sense of belongingness among employees. In this program new officer/officer trainees have been inducted by the organization and they are provided exposure to different SBU's of corporation.

The Project Akshaypath started in 2013 for development of leadership qualities among employees. The employees are exposed with principles of management with focus on leadership development. The Advanced Management Programs (AMP) are organized for officers of levels DGM and above, by reputed Business Schools like ASCI-Hyderabad, MDI- Gurgaon, ISB- Hyderabad and IIM-Kolkata, including visit to select foreign countries. The HPCL also sponsors Study Tours for employee groups to enrich their knowledge and skills, in the form of select foreign training. Various e-learning programs on defined competencies, including online certification courses on Project Management, Supply Chain Management, and different e-learning resources on various behavioral areas are facilitated.

b. **The IOCL** is India's flagship national oil company having Maharatna status with business interest from refining, pipeline, transportation and marketing of petroleum products to exploration and production. It is the leading Indian corporate in the Fortune 'Global 500' listing, ranked at the 96th